

**COVER SHEET**

C S 2 0 0 4 0 9 4 6 2

S.E.C. Registration Number

H A U S T A L K , I N C .

(Company's Full Name)

U N I T 7 0 1 O R I E N T S Q U A R E

B L D G . , F . O R T I G A S J R . R D .

O R T I G A S C E N T E R

P A S I G C I T Y

(Business Address: No. Street City / Town / Province)

Maria Agnes M. Siapno

Contact Person

(632) 8634 8712

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

SEC Form 17-A

FORM TYPE

July

Month

Last Wed

Day

Annual Meeting

Permit to Sell

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Total No. of stockholders

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

**STAMPS**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended December 31, 2025
2. SEC Identification Number CS200409462
3. BIR Tax Identification No. 233-687-508
4. Exact name of issuer as specified in its charter HAUS TALK, INC.
5. Province, Country or other jurisdiction of incorporation or organization:  
Metro Manila, Philippines
6. Industry Classification Code: \_\_\_\_\_ (SEC Use Only)
7. Address of principal office: Unit 701 Orient Square Bldg. F. Ortigas Jr. Ortigas Center,  
Pasig City, 1605
8. Issuer's telephone number, including area code: (02) 8636-6929
9. Former name, former address, and former fiscal year, if changed since last report: Not applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA  
As of December 31, 2025

| <u>Title of Each Class</u> | <u>Number of Shares of Common Stock Outstanding</u> |
|----------------------------|---|
| <b>Common Shares</b>       | <b>2,500,000,000</b>                                |

Amount of Debt Outstanding: Php 3,468,384,124

11. Are any or all of these securities listed on a Stock Exchange.

Yes [  ] / No [  ]

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

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

Class of Securities: **Common Shares**

12. Check whether the issuer:

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

Yes [  ]                      No [  ]

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

Yes [  ]      No [  ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant:

As of December 31, 2025, the aggregate market value of the voting stock held by non-affiliates of the Parent Company is PhP710,553,801.10 (645,958,001 shares @ PhP 1.10 /share).

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

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

Yes [  ]      No [  ]      **Not applicable**

**DOCUMENTS INCORPORATED BY REFERENCE**

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

N/A

## **TABLE OF CONTENTS**

### **PART I – BUSINESS AND GENERAL INFORMATION**

- Item 1. Business
- Item 2. Properties
- Item 3. Legal Proceedings
- Item 4. Submission of Matters to a Vote of Security Holders

### **PART II – OPERATIONAL AND FINANCIAL INFORMATION**

- Item 5. Market for Issuer’s Common Equity and Related Stockholders Matters
- Item 6. Management’s Discussion and Analysis and Results of Operation
- Item 7. Financial Statements
- Item 8. Information on Independent Accountant and Other Related Matters

### **PART III – MANAGEMENT AND CERTAIN SECURITY HOLDERS**

- Item 9. Directors and Executive Officers of the Issuer
- Item 10. Executive Compensation
- Item 11. Security Ownership of Certain Beneficial Owners and Management
- Item 12. Certain Relationships and Related Transactions

### **PART IV – CORPORATE GOVERNANCE**

- Item 13. Compliance with Leading Practices on Corporate Governance

### **EXHIBITS AND SCHEDULES**

- Item 14. Matters approved, acted upon or disclosed via SEC 17-C  
Sustainability Report  
2025 Audited Consolidated Financial Statements

## PART I. BUSINESS AND GENERAL INFORMATION

### Item 1. Business

#### A. Background Information

**HAUS TALK, INC.** (Formerly: Haus Talk Project Managers, Inc.) (referred to as the “Parent Company”, “Haus Talk”, “HTI”, “Corporation” or the “Company”) was organized under the laws of the Republic of the Philippines and was registered with the Securities and Exchange Commission (SEC) per Registration No. CS200409462 on June 21, 2004. The Corporation’s principal office address is located at Unit 701 Orient Square Building, F. Ortigas Avenue, Ortigas Center, Pasig City.

On January 17, 2022, the shares of the Parent Company were listed and traded on the Small, Medium and Emerging Board (“SME Board”) of The Philippine Stock Exchange, Inc. (the “PSE”) under the trading symbol “HTI.”

Haus Talk, Inc. is a corporation engaged in land acquisition, general construction of housing development, most of which are in Rizal, Laguna, Cavite and Metro Manila. It is a rising residential real estate developer that immensely supports the government’s mass housing program through its low-cost housing projects.

On July 23, 2023, the Board of Investments (BOI) granted approval on HTI’s application for registration as a New Developer of Economic Housing Project for the corporation’s flagship project in Biñan, Laguna, *The Granary – Phase I*. Subsequently, the BOI approved the registration of *The Granary – Phase II* and *The Granary – Phase III* on 22 March 2024 and 16 December 2024, respectively.

The Corporation has two subsidiaries, namely: *Tradition Homes, Inc.* (referred to as the “Subsidiary” or “THI”) and *Lifestyle Development Corporation* (referred to as the “Subsidiary” or “LDC”), collectively known as the “Subsidiaries”. On January 18, 2018, HTI acquired 100% ownership and control of THI for an acquisition cost of ₱30,000,000. Meanwhile, on May 26, 2021, LDC was acquired at a cost of ₱105,737,000 for 100% of its ownership and control.

**TRADITION HOMES, INC.**, formerly known as *Tradition Homes Project Managers, Inc.*, was incorporated under the laws of the Republic of the Philippines and was registered with the Securities and Exchange Commission per SEC Registration No. CS200700454 on January 16, 2007. THI’s principal office address is located at Unit 701 Orient Square Building, F. Ortigas Avenue Ortigas Center, Pasig City.

THI is primarily engaged in real estate investment, more specifically in the acquisition of land and housing development and participates in the government’s mass housing program. This Subsidiary Company was likewise approved by the BOI as a New Developer of Economic and Low-Cost Housing Project for its *Southview Homes – Sta. Rosa* project, located at Sta. Rosa, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2019-041 is valid from March 6, 2019, and four (4) years thereafter and 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 Department of Human Settlements and Urban Development (DHSUD) formerly 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 DHSUD formerly HLURB bears the reference number 15-06-038.

Meanwhile, **LIFESTYLE DEVELOPMENT CORPORATION** was incorporated under the laws of the Philippines and was registered with the Securities and Exchange Commission per SEC Registration No. A199918322 on November 18, 1999, but has yet to start its operations. LDC's principal office address is located at Unit 701 Orient Square Building, F. Ortigas Avenue Ortigas Center, Pasig City. Its primary purpose is to construct, develop, improve, mortgage, pledge and deal with residential structure for lot buyers of the Company. Lifestyle Development was acquired by Haus Talk in 2021.

Lifestyle Development owns parcels of land in Mariveles, Bataan, a portion of which will be developed in the future.

## Item 2. Properties

The following table provides a summary information on the real properties owned by Haus Talk and its subsidiaries, all of which form part of the inventory of the Company. The Company is not leasing any of its properties. The rental expenses incurred by HTI, as reflected in the Audited Financial Statements, pertain to office equipment (i.e. copier), storage space and temporary staff house.

| <b>LIST OF PROPERTIES OF HAUS TALK, INC. &amp; ITS SUBSIDIARIES</b> |   |   |              |
|---|---|---|--------------|
| <b>COMPANY</b>  | <b>NAME OF PROPERTY</b>                             | <b>LOCATION</b>   | <b>AREA</b>  |
| HAUS TALK, INC.   | The Hammond (Formerly: Eastview Residences-Hinapao) | Tagbak Road, Sitio Hinapao, Brgy. San Jose, Antipolo City | 16,041 sqm.  |
|   | Ellery Homes (Formerly: Eastview Condominiums)      | Tagbak Road, Sitio Hinapao, Brgy. San Jose, Antipolo City | 2,060 sqm.   |
|   | Celestis 1  | Buliran Road, Brgy. San Luis, Antipolo City               | 5,258 sqm.   |
|   | Celestis 2  | Buliran Road, Brgy. San Luis, Antipolo City               | 7,963 sqm.   |
|   | The Granary with Annex                              | Brgy. San Antonio, Biñan, Laguna                          | 130,691 sqm. |
|   | Amberwood   | Brgy. Soro-Soro, Biñan, Laguna                            | 16,486 sqm.  |
|   | Cornerstone   | Brgy. Soro-Soro, Biñan, Laguna                            | 37,109 sqm.  |
|   | The Canvass   | Mahabang Parang, Angono, Rizal                            | 372,201 sqm. |
|   | Molavera  | Brgy. San Luis, Antipolo City                             | 20,082 sqm.  |
|   | Whistlewood   | Brgy. San Luis, Antipolo City                             | 82,989 sqm.  |

|                                   |                               |                                       |              |
|-----------------------------------|-------------------------------|---------------------------------------|--------------|
| TRADITION HOMES, INC.             | Southview Homes Sta. Rosa     | Brgy. Ibaba, Santa Rosa, Laguna       | 25,000 sqm.  |
|                                   | Southview Homes Calendola     | San Vicente, San Pedro, Laguna        | 34,384 sqm.  |
|                                   | Southview Homes 2 - Extension | Pacita 2, San Pedro City, Laguna      | 12,712 sqm.  |
| LIFESTYLE DEVELOPMENT CORPORATION | Costa Aurea                   | Barangay Alas-Asin, Mariveles, Bataan | 240,647 sqm. |

The following are the mortgaged properties of Haus Talk, Inc. and its subsidiaries:

| NAME OF PROPERTY                                    | TYPE OF PROPERTY                 | LOCATION/ DESCRIPTION                                     | NATURE AND AMOUNT OF LOAN SECURED | REMARKS   |
|---|----------------------------------|---|-----------------------------------|---|
| Celestis 1 & Celestis 2                             | Subdivision Development          | Buliran Road, Brgy. San Luis, Antipolo City               | Term Loan of ₱60 Million          | Real Estate Mortgage executed in favor of Asia United Bank (AUB)          |
| The Hammond (Formerly: Eastview Residences-Hinapao) | Subdivision Development          | Tagbak Road, Sitio Hinapao, Brgy. San Jose, Antipolo City | Term Loan of ₱45 Million          | Real Estate Mortgage executed in favor of Sterling Bank of Asia           |
| The Granary – Annex                                 | Subdivision Development          | Brgy. San Antonio, Biñan, Laguna                          | Term Loan of ₱65 Million          | Real Estate Mortgage executed in favor of Sterling Bank of Asia           |
| The Granary   | Subdivision Development          | Brgy. San Antonio, Biñan, Laguna                          | Term Loan of ₱450 Million         | Real Estate Mortgage executed in favor of Security Bank                   |
| Mariveles Properties                                | Subdivision Development          | Alas-Asin, Mariveles, Bataan                              | ₱231 million                      | Real Estate Mortgage executed in favor of Atram Trust Corporation         |
| Amberwood   | Land for Subdivision Development | Brgy. Soro-Soro, Biñan, Laguna                            | Term Loan of ₱65 million          | Real Estate Mortgage executed in favor of China Banking Corporation (CBC) |
| Molavera and Amberwood                              | Land for Subdivision Development | Brgy. San Luis, Antipolo                                  | Term Loan of ₱500 million         | Real Estate Mortgage executed in favor of Security Bank                   |
| The Canvas  | Land for Subdivision Development | Mabang Parang, Angono Rizal                               | Term Loan of ₱250 million         | Real Estate Mortgage executed in favor of Security Bank                   |

The mortgaged properties of the Company are subject to customary limitations on mortgaged properties, such as:

- (i) Prohibition to sell, lease or dispose the mortgaged property, except as permitted under the relevant agreements;
- (ii) Use the mortgaged property other than for intended purpose;
- (iii) Remove or transfer the property, except in ordinary course of the business;
- (iv) Do or permit any act which may impair the security; and
- (v) Create or incur additional lien with respect to the relevant mortgaged properties

## LEASED PROPERTY

Neither the Company nor any of its Subsidiaries leases any of their properties to third parties.

The Company leases its office extension located at Unit 1102 and 1103 of the Orient Square Building, for a term of 2 years and with monthly rent of ₱112,860.30 and ₱84,624.00 respectively. The lease is renewable upon mutual agreement of the parties and subject to the same terms and conditions, provided that there shall be a corresponding escalation of monthly rentals as may reasonably be determined by the parties.

The rental expenses incurred by HTI, as reflected in the Company's financial statements, relate to the lease of the office extension, office equipment (including a copier), storage space, an extension office, and a temporary staff house.

## INSURANCE

The following motor vehicles are owned by the Company and are covered by pertinent insurance policies:

| LIST OF INSURANCE                        |  |   |                             |                            |
|--|--|---|-----------------------------|----------------------------|
| MODEL/M<br>AKE                           | TYPE OF<br>INSURANCE                       | INSURANCE<br>COMPANY  | POLICY No.                  | INCEPTION<br>DATE          |
| Toyota<br>Innova<br>Zenix                | Third Party<br>Liability                   | AXA Philippines<br>Life and General<br>Insurance<br>Corporation | TCM-NB-CTPL                 | 05/10/2024 –<br>05/10/2027 |
|  | Property<br>Insurance – HTI<br>Head Office | Prudential<br>Guarantee   | FL-FLR-HOM-<br>0181412      | 06/29/2025-<br>06/29/2026  |
| 2022<br>Caterpillar<br>BackHoe<br>Loader | Property Floater<br>Insurance              | ALLIED<br>INSURANCE<br>CORPORATION                              | CA-PFL-HQ-25-<br>0000033-01 | 11/10/2025 –<br>11/10/2026 |
| 2017<br>Komatsu<br>backhoe,<br>Crawler   | Property Floater<br>Insurance              | ALLIED<br>INSURANCE<br>CORPORATION                              | CA-PFL-HQ-25-<br>0000033-01 | 11/10/2025 –<br>11/10/2026 |
| 2024<br>Backho<br>Excavator              | Property Floater<br>Insurance              | ALLIED<br>INSURANCE<br>CORPORATION                              | CA-PFL-HQ-25-<br>0000033-01 | 11/10/2025 –<br>11/10/2026 |

| <b>LIST OF INSURANCE</b>                                    |   |                                    |                             |                            |
|---|---|------------------------------------|-----------------------------|----------------------------|
| <b>MODEL/MAKE</b>   | <b>TYPE OF INSURANCE</b>                | <b>INSURANCE COMPANY</b>           | <b>POLICY No.</b>           | <b>INCEPTION DATE</b>      |
| 2022<br>Volvo<br>Backhoe<br>Excavator                       | Property Floater<br>Insurance           | ALLIED<br>INSURANCE<br>CORPORATION | CA-PFL-HQ-25-<br>0000033-01 | 11/10/2025 –<br>11/10/2026 |
| 2023<br>Volvo<br>Vibratory<br>Compactor                     | Property Floater<br>Insurance           | ALLIED<br>INSURANCE<br>CORPORATION | CA-PFL-HQ-25-<br>0000033-01 | 11/10/2025 –<br>11/10/2026 |
| 2023<br>Daswel<br>Pumpcrete<br>Mixer                        | Property Floater<br>Insurance           | ALLIED<br>INSURANCE<br>CORPORATION | CA-PFL-HQ-25-<br>0000033-01 | 11/10/2025 –<br>11/10/2026 |
| 2018<br>Komatsu<br>Backhoe,<br>Crawler                      | Property Floater<br>Insurance           | ALLIED<br>INSURANCE<br>CORPORATION | CA-PFL-HQ-25-<br>0000033-01 | 11/10/2025 –<br>11/10/2026 |
| 2025<br>Shantui<br>Bulldozer,<br>Crawler                    | Property Floater<br>Insurance           | ALLIED<br>INSURANCE<br>CORPORATION | CA-PFL-HQ-25-<br>0000033-01 | 11/10/2025 –<br>11/10/2026 |
| 2023<br>ZOOMLION<br>N 24X-4Z<br>MOUNTED<br>CONCRETE<br>PUMP | Comprehensive<br>Motor Car<br>Insurance | ALLIED<br>INSURANCE<br>CORPORATION | MC-CV-HQ-25-<br>0001411-01  | 08/19/2025 –<br>08/19/2026 |

## **INTELLECTUAL PROPERTY**

As of the date of this Prospectus, the Company has the following registered trademarks.

| <b>INTELLECTUAL PROPERTY</b>                 |   |   |
|--|---|---|
| <b>TRADEMARK</b>                             | <b>STATUS</b>   |   |
| Haus Talk, Inc.<br>Where your stories begin. | Registered with Intellectual Property Office- Bureau of Trademarks on 30 March 2023<br>Registration No. 4/2022/00514079 | Registered<br>3 <sup>rd</sup> Year DAU <sup>1</sup> filed |
| HAUS TALK, INC.<br>Where your stories begin. | Registered with Intellectual Property Office- Bureau of Trademarks on 30 May 2024<br>Registration No.4/2022/00514081    | Registered<br>3 <sup>rd</sup> Year DAU filed              |
| THE GRANARY BY HAUS<br>TALK, INC.            | Registered with Intellectual Property Office- Bureau of Trademarks on 30 March 2023<br>Registration No.4/2022/00525155  | Registered<br>3 <sup>rd</sup> Year DAU filed              |
| CELESTIS                                     | Registered with Intellectual Property Office- Bureau of Trademarks on 30 March 2023<br>Registration No.4/2022/00514080  | Registered<br>3 <sup>rd</sup> Year DAU filed              |

<sup>1</sup> This refers to Declaration of Actual Use filed with the with the Intellectual Property Office of the Philippines to confirm that its registered trademarks are actively used in commerce. Timely filing of the DAU is required to maintain trademark registration and avoid cancellation.

| <b>INTELLECTUAL PROPERTY</b> |  |            |
|------------------------------|--|------------|
| <b>TRADEMARK</b>             | <b>STATUS</b>  |            |
| MOLAVERA                     | Registered with Intellectual Property Office- Bureau of Trademarks on 08 November 2025<br>Registration No. 4/2025/0052511  | Registered |
| WHISTLEWOOD                  | Registered with Intellectual Property Office- Bureau of Trademarks on 08 November 2025<br>Registration No. 4/2025/00525114 | Registered |

The Company's operations are not materially dependent on any patents, trademarks, copyrights, licenses, franchises, concessions, or royalty agreements. Relevant rights are maintained through timely registration and renewal in the ordinary course of business.

### **Legal Proceedings on Properties**

Other than cases in the usual course of business, there is no pending material litigation or arbitration proceedings where the Haus Talk or any of its subsidiaries is a party, and no litigation or claim of material importance is known to the Directors to be pending or threatened against its properties.

### **Item 3. Legal Proceedings**

As of December 31, 2025, the Corporation has various civil lawsuits and legal actions arising in the ordinary course of its business. However, none of the lawsuits or legal actions to which the Company is currently subject will materially affect the daily operations of its business or have a material adverse effect on the Company's consolidated financial position and results of its operations.

### **Item 4. Submission of Matters to a Vote of Security Holders**

On July 30, 2025, the stockholders of the Company representing 2,292,261,000 issued and outstanding shares, or 91.69% of the total issued and outstanding 2,500,000,000 common shares were present.

On the said meeting, the following matters were approved and/or ratified by the stockholders:

1. Minutes of the previous Annual Stockholders' Meeting held on September 25, 2024;
2. Audited Financial Statements for the calendar year ended December 31, 2024, as contained in the Annual Report;
3. All prior acts and proceedings of the Board of Directors, Corporate Officers and Management;
4. Appointment of Valdes Abad & Company as External Auditor for the calendar year 2025.

Also, the following nominees were elected as directors for the ensuing year:

1. Terence Restituto D. Madlambayan
2. Maria Rachel D. Madlambayan
3. Luis Pio D. Madlambayan
4. Ma. Leah D. Madlambayan
5. Joselito D. Madlambayan
6. Atty. Angelico T. Salud (Independent)
7. Atty. Jose Ferdinand M. Rojas II (Independent)

During the organizational meeting of the new Board following the stockholders' meeting, the following were duly elected:

|   |                                      |
|---|--------------------------------------|
| Chairman  | - Terence Restituto D. Madlambayan   |
| President   | - Maria Rachel D. Madlambayan        |
| VP- Sales & Mktg.                                 | - Ma. Leah D. Madlambayan            |
| Treasurer   | - Gloria Judith D. Madlambayan       |
| Chief Finance Officer/ Controller                 | - Maria Agnes M. Siapno              |
| VP- Procurement & Warehouse / Asst.               | - Noemi D. Madlambayan               |
| Corporate Secretary                               |                                      |
| Corporate Secretary                               | - Atty. Lyra Gracia Y. Lipae-Fabella |
| Head of Corporate Planning and Investor Relations | - Francis Miguel R. Madlambayan      |
| Compliance Officer                                | - Noemi V. Aniban                    |

The members of the following Board Committees were likewise elected for the ensuing year:

#### **Audit Committee**

|          |                                   |
|----------|-----------------------------------|
| Chairman | Atty. Angelico T. Salud*          |
| Member   | Atty. Jose Ferdinand M. Rojas II* |
| Member   | Mr. Luis Pio D. Madlambayan       |

#### **Corporate Governance Committee**

|          |                                      |
|----------|--------------------------------------|
| Chairman | Atty. Jose Ferdinand M. Rojas II*    |
| Member   | Mr. Terence Restituto D. Madlambayan |
| Member   | Atty. Angelico T. Salud*             |

#### **Board Risk and Oversight Committee**

|          |                                   |
|----------|-----------------------------------|
| Chairman | Atty. Jose Ferdinand M. Rojas II* |
| Member   | Ms. Ma. Leah D. Madlambayan       |
| Member   | Atty. Angelico T. Salud*          |

#### **Executive Committee**

|          |                                      |
|----------|--------------------------------------|
| Chairman | Mr. Terence Restituto D. Madlambayan |
| Member   | Ms. Maria Rachel D. Madlambayan      |
| Member   | Ms. Ma. Leah D. Madlambayan          |
| Member   | Mr. Joselito D. Madlambayan          |

*\*Independent Director*

## **PART II. OPERATIONAL AND FINANCIAL INFORMATION**

### **Item 5. Market for Issuer's Common Equity and Related Stockholder Matters**

#### **A. Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters:**

##### **1. Market Information**

Haus Talk's common shares are listed and traded on the Philippine Stock Exchange ("PSE") beginning January 17, 2022 under the ticker symbol HTI.

The PSE is the principal market for trading the Company's shares.

The high and low prices of the common shares for each quarter are indicated in the table below. Prices are in PhP/share.

|                | High |      |      | Low  |      |      |
|----------------|------|------|------|------|------|------|
|                | 2025 | 2024 | 2023 | 2025 | 2024 | 2023 |
| First Quarter  | 1.19 | 1.18 | 1.08 | 1.01 | 0.92 | 0.90 |
| Second Quarter | 1.18 | 1.14 | 1.02 | 1.04 | 0.97 | 0.84 |
| Third Quarter  | 1.26 | 1.13 | 1.07 | 0.93 | 1.02 | 0.86 |
| Fourth Quarter | 1.10 | 1.10 | 1.04 | 0.99 | 0.99 | 0.85 |

As of December 31, 2025, the closing price of the shares is P1.10/share.

## 2. Stockholders

The following are the Top 20 registered holders of the common shares of Haus Talk as of December 31, 2025:

| Rank                                       | Name                             | Classification of Securities | No. of Shares        | Percentage     |
|--|----------------------------------|------------------------------|----------------------|----------------|
| 1  | PCD NOMINEE CORPORATION-FILIPINO | COMMON                       | 1,087,664,245        | 43.51%         |
| 2  | MARIA AGNES M. SIAPNO            | COMMON                       | 168,181,364          | 6.73%          |
| 3  | NOEMI D. MADLAMBAYAN             | COMMON                       | 168,181,363          | 6.73%          |
| 4  | RUFINO ALBERT D. MADLAMBAYAN     | COMMON                       | 168,181,363          | 6.73%          |
| 5  | JOSELITO D. MADLAMBAYAN          | COMMON                       | 168,181,363          | 6.73%          |
| 6  | LUIS PIO D. MADLAMBAYAN          | COMMON                       | 168,181,363          | 6.73%          |
| 7  | MA. LEAH D. MADLAMBAYAN          | COMMON                       | 168,181,363          | 6.73%          |
| 8  | EDWARD D. MADLAMBAYAN            | COMMON                       | 168,181,363          | 6.73%          |
| 9  | GLORIA JUDITH D. MADLAMBAYAN     | COMMON                       | 168,181,363          | 6.73%          |
| 10   | PCD NOMINEE CORPORATION-FOREIGN  | COMMON                       | 66,883,850           | 1.46%          |
| 11   | JENNIFER T. RAMOS                | COMMON                       | 1,000                | 0.00%          |
| Subtotal                                   |                                  |                              | 2,500,000,000        | 100.00%        |
| Others                                     |                                  |                              | 0                    | 0.00%          |
| <b>TOTAL ISSUED AND OUTSTANDING SHARES</b> |                                  |                              | <b>2,500,000,000</b> | <b>100.00%</b> |

The stockbrokers under the PCD Nominee Corporation owning at least 5% of the Parent Company as of December 31, 2025 are as follows:

| BP NAME                          | Holdings           | Ownership     |
|----------------------------------|--------------------|---------------|
| A. T. DE CASTRO SECURITIES CORP. | 748,389,595        | 29.94%        |
| <b>Total</b>                     | <b>748,389,595</b> | <b>29.94%</b> |

The beneficial owners owning at least 5% of the Parent Company's shares under PCD Nominee Corporation as of December 31, 2025 are as follows:

| No. | Name   | Classification of Securities | No. of Shares | Percentage |
|-----|--|------------------------------|---------------|------------|
| 1   | Terence D. Madlambayan                                     | COMMON                       | 170,222,361   | 6.81%      |
| 2   | Terence Restituto D. Madlambayan (through MHOLDINGS, INC.) | COMMON                       | 84,093,185    | 3.36%      |

|              |   |        |                    |               |
|--------------|---|--------|--------------------|---------------|
| 3            | Maria Rachel D. Madlambayan                           | COMMON | 170,181,363        | 6.81%         |
| 4            | Maria Rachel D. Madlambayan (through MHOLDINGS, INC.) | COMMON | 84,093,184         | 3.36%         |
| <b>TOTAL</b> |   |        | <b>508,590,093</b> | <b>20.34%</b> |

A list of the Company's Top 100 shareholders as of December 31, 2025 can be accessed through this link: [https://edge.pse.com.ph/openDiscViewer.do?edge\\_no=d9d78221a373714e64d70b69f0a3140b](https://edge.pse.com.ph/openDiscViewer.do?edge_no=d9d78221a373714e64d70b69f0a3140b)

### 3. Dividends

On September 28, 2023 the Board of Directors of the Company approved the amendment of its dividend policy. Under the amended Dividend Policy, the Company shall maintain an annual dividend payout ratio of at least 20% of the Company's net income as of period to be determined by the Board of Directors of the Company.

The Board of Directors shall have the authority to declare dividends subject to the requirements of applicable laws and regulations and the absence of any circumstances which may restrict their declaration and payment.

On October 16, 2023, the Board of Directors approved the declaration of cash dividend in the amount of Php 27,688,773.40, equivalent to Php0.0110755093600 per common share. The cash dividend was taken from the unrestricted retained earnings of the Company as of December 31, 2022, made available to all stockholders as of record date November 8, 2023 and payable on December 5, 2023.

For the year 2024, the Board of Directors approved in a meeting held on October 9, 2024, the declaration of cash dividend in the total amount of Php50,000,000.00, equivalent to Php 0.02 per common share. The cash dividend was taken from the unrestricted retained earnings of the Company as of December 31, 2023, made available to all stockholders of record as of November 8, 2024 and payable on December 2, 2024.

For the year 2025, the Board of Directors approved in a meeting held on October 14, 2025, the declaration of cash dividend in the total amount of Php75,000,000.00, equivalent to Php 0.03 per common share. The cash dividend was taken from the unrestricted retained earnings of the Company as of December 31, 2024, made available to all stockholders of record as of November 17, 2025 and payable on December 10, 2025.

### 4. Title and amount of Securities issued/ to be issued

There were no securities issued in 2025.

On January 17, 2022, the Parent Company's shares were listed and traded on the SME Board of the PSE under the trading symbol HTI, with an initial public offering of 500,000,000 shares at an offer price of P1.50/share. As a result, the issued and outstanding shares of HTI increased to 2,500,000,000 shares.

The Parent Company has 2,500,000,000 issued and outstanding common shares as of December 31, 2025.

Notably, in 2026, the Parent Company issued bonds in the total amount of Php 1.8B. The offer period ran from March 2 to 6, 2026.

The final allocation per bond series is as follows:

Series A (tenor of 3 years): Php 260,020,000.00

Series B (tenor of 5 years): Php 1,539,980,000.00

The above-mentioned bonds were listed and traded through the Philippine Dealing and Exchange Corp. beginning March 16, 2026.

## 5. Description of Securities

The 2,500,000,000 common shares of the Parent Company are subscribed and outstanding. The said common shares are entitled to vote and to dividends.

## 6. Reason for Issuance

No common shares were issued in 2025.

The use of proceeds during the initial public offering was as follows:

| PARTICULARS                         | PROSPECTUS            | ADJUSTED BAL AFTER IPO EXPENSES | TOTAL DISBURSEMENT FOR THE YEAR 2022 | TOTAL DISBURSEMENT FOR THE YEAR 2023 | TOTAL DISBURSEMENT FOR THE YEAR 2024 | BALANCE AS OF DEC 31, 2024 | TOTAL DISBURSEMENT FOR THE YEAR 2025 | BALANCE AS OF DEC 31, 2025 |
|-------------------------------------|-----------------------|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------|--------------------------------------|----------------------------|
| Total Use of Proceeds               | 750,000,000.00        | 750,000,000.00                  | 750,000,000.00                       | -                                    | -                                    | -                          | -                                    | -                          |
| Total Offer Related Expenses        | 26,302,530.00         | 30,694,441.68                   | 30,694,441.68                        | -                                    | -                                    | -                          | -                                    | -                          |
| <b>Balance After Offer Expenses</b> | <b>723,697,470.00</b> | <b>719,305,558.32</b>           | <b>719,305,558.32</b>                | -                                    | -                                    | -                          | -                                    | -                          |
| General Corporate Purposes          | 45,100,595.00         | 40,708,683.32                   | 40,708,683.32                        | -                                    | -                                    | -                          | -                                    | -                          |
| Project Development                 | 216,582,300.00        | 216,582,300.00                  | 201,383,908.50                       | 15,198,391.50                        | -                                    | -                          | -                                    | -                          |
| Land Acquisition                    | 462,014,575.00        | 462,014,575.00                  | 462,014,575.00                       | -                                    | -                                    | -                          | -                                    | -                          |
| <b>Totals</b>                       | <b>723,697,470.00</b> | <b>719,305,558.32</b>           | <b>704,107,166.82</b>                | <b>15,198,391.50</b>                 | -                                    | -                          | -                                    | -                          |

## B. Modification or Exchange of Securities

As of December 31, 2025, no action has been taken with respect to the modification of any class of securities of the registrant, or the issuance of authorization for issuance of one class of securities of the registrant in exchange for outstanding securities of another class.

## C. Authorization or Issuance of Securities Other than for Exchange

On October 14, 2025, the Board of Directors approved the issuance of Securities and Exchange Commission-registered, fixed-rate, Philippine Peso-denominated bonds with a base offer of up to PhP1.0 billion and an oversubscription option of up to PhP1.0 billion, and the listing thereof with the Philippine Dealing and Exchange Corporation.

The Board authorized Management to determine the final terms of the offering, including issue size, interest rate, offer price, tenors, and other conditions, and to appoint all relevant parties, with the Chairman and/or the President as authorized signatories.

The Board also approved the appointment of Security Bank Capital Investment Corporation as issue manager, lead underwriter, and bookrunner.

As of December 31, 2025, no securities have been authorized or issued other than as disclosed above.

#### **D. Information on Independent Accountant**

The auditing firm of Valdes Abad & Company (“VAC”) conducted the audit for the periods since 2019. Pursuant to SRC Rule 68(3)(b)(ix) (Rotation of External Auditors), the Company has not engaged a VAC partner for more than seven years straight.

VAC, formerly known as Carlos J. Valdes & Associates, one of the oldest accounting firms in the Philippines today, was founded in 1951 by Carlos J. Valdes, a certified public accountant, lawyer, civic leader, educator, businessman and former Philippine Ambassador to Japan and other countries.

VAC was a member firm of Touche Ross in the 1970’s; Coopers & Lybrand International in the 1980’s up to 1996 and a correspondent firm of RSM International from 1997 up to 2007. This long history of international membership was recognition of its professional standing and track record of world-class service to clients over the years. It is a member firm of GMN International, the association of legally independent firms worldwide.

#### **External Audit Fees and Services**

The following table sets out the approximate aggregate fees billed for each of the last three (3) fiscal years for professional services rendered by the Company’s external auditors:

|                | <b>2025</b>    | <b>2024</b>  | <b>2023</b>    |
|----------------|----------------|--------------|----------------|
| Audit Fee      | ₱ 900,000.00   | ₱ 900,000.00 | ₱ 880,000.00   |
| Non-Audit Fees | 700,000.00     | -            | 400,000.00     |
| <b>TOTAL</b>   | ₱ 1,600,000.00 | ₱ 900,000.00 | ₱ 1,280,000.00 |

The external auditor of the Company billed the audit fees for the professional services rendered for the audit of the Company’s annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for the period. Non-audit services rendered by the external auditor pertain to the quarterly review of the Disbursement of the IPO proceeds and related services.

The non-audit fees for the year 2023 pertain to the quality review of the IPO disbursement and the certification on the use of proceeds.

The non-audit fees for the year 2025 is vat exclusive and relate to professional services rendered by the Company’s external auditor for the review of the Company’s interim consolidated financial statements in connection with the application for the issuance of the bonds. The non-audit services did not include tax advisory, consulting, or other services.

Except as disclosed, no other non-audit services were rendered by the external auditor during the periods covered.

## **Item 6. Management's Discussion and Analysis or Plan of Operation**

The following is a discussion and analysis of the Company's financial condition and results of operations and certain trends, risks and uncertainties that may affect the Company's business and should be read in conjunction with the independent auditor's reports and the Company reviewed and audited consolidated financial statements and notes thereto contained in this report. The critical accounting policies section discloses certain accounting policies and management judgments that are material to the results of operations and financial conditions for the periods presented in this report. The discussion and analysis in the succeeding sections of this report pertains to the result of our Company's financial condition and operations for the past twelve (12) months for the year ended December 31, 2025 with comparative figures from the previous year's financial condition and operation for the year ended December 31, 2024.

### **Factors Affecting the Company's Results of Operations**

The Group's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected its results in the past, and which the Group expects to affect its results in the foreseeable future. Factors other than those discussed below could also have a significant impact on the Group's results of operations and financial conditions in the future.

### **General Global and Philippine Economic Conditions and the Condition of the Philippine Real Estate and Residential Housing Markets**

The Group derives substantially all its revenue from its Mass Housing development activities in the Philippines. The Philippine real estate and housing markets have historically been affected by the prevailing economic conditions in the Philippines, which may also be affected by the economic conditions in other parts of the world. Accordingly, the Group's results of operations may be significantly affected by the state of the global and Philippine economies generally and specifically the Philippine property and housing markets. The Philippine real estate and housing markets have historically been subject to cyclical trends, and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth, the rate of unemployment and political and social developments in the Philippines. Demand for new residential projects in the Philippines has historically also been affected by, among other things, prevailing political, social and economic conditions in the Philippines, including overall growth levels, the value of the Philippine peso and interest rates, as well as the strength of the economy in other parts of the world, given that a substantial portion of demand comes from overseas Filipino workers. Furthermore, as the Group continues expanding its business, these operations will also be increasingly affected by general conditions in the global and Philippine economies. As a result, the Group expects that its results of operations will continue to vary from period to period largely because of general global and Philippine economic conditions.

### **Collection of Receivables**

The Group's results of operations are also affected to some degree by the success and efficiency of its collection of receivables from its customers. Only when the Corporation or its subsidiaries experience any significant delay or default on the collection of its receivables, could it experience liquidity issues including the inability to meet its obligations as they come due.

## Definition of default and credit-impaired installment contracts receivable

The Group defines the account as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

### Quantitative criteria

The customer receives a notice of cancellation and does not continue the payments.

### Qualitative criteria

The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty.

These are instances where:

1. The customer is experiencing financial difficulty or is insolvent
2. The customer is in breach of financial covenant(s)
3. An active market for that financial asset has disappeared because of financial difficulties
4. Concessions have been granted by the Company, for economic or contractual reasons relating to the customer's financial difficulty
5. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (ED) throughout the Company's expected loss calculation.

## **Liquidity Risk Management**

To better manage its liquidity risk, interest risk, as well as improve its cash conversion cycle, the Corporation typically enters into take-out arrangements with the Home Development Mutual Fund (HDMF) and other financial institutions such as banks.

## **Interest Rates**

The Company and its subsidiaries generally charge its customers an annual fixed interest rate of 18% on their in-house financing starting August 2022. The Company's financing arrangements with commercial banks and other financial institutions are typically on a fixed interest basis, with interest rates typically averaging approximately 7.5% or 18.00% per annum.

However, in cases of extraordinary increases in interest rates, such as during the Asian financial crisis of the late 1990s or the global economic downturn of 2008, the Company's financial position and results of operations could be adversely affected.

## **Tax Incentives and Exemptions**

Tax incentives and exemptions play a big part in the decision-making and strategic plans of the Company. The Company and its subsidiaries have availed of income tax holidays and tax exemptions pursuant to the Investment Priority Plan of the Philippines which includes socialized housing projects. This has further bolstered the position of the Company and its subsidiaries in becoming a strong advocate of socialized housing and its benefit to the society.

## **Price Volatility of Construction Materials and Other Development Costs**

The Company's cost of sales is affected by the price of construction materials such as steel, tiles and cement, as well as fluctuations in electricity and energy prices. With respect to electricity, higher prices generally result in a corresponding increase in the Company's overall development costs. As a result, rising costs for any construction materials or in the price of electricity will impact the Company's construction costs, cost of sales and the price for its products. Any increase in prices resulting from higher construction costs could adversely affect demand for the Company's products and the relative affordability of such products, particularly as a Mass Housing developer.

With regard to the sales of subdivision house and lots, if the actual cost of completing the development of a particular project exceeds the Corporation's projection, any increase in cost is recorded as part of the cost of sales of subdivision house and lots in the same project. This means that the cost of sales for future sales in the same project will be higher.

## **Availability of Suitable Land for Development**

The Company and its subsidiaries meticulously select the sites for its Mass Housing development projects, typically undergoing a research process of anywhere from six months to one year before deciding to acquire land for its contemplated developments. The Company and its subsidiaries are currently looking to expand its footprint in Luzon and also the Metro and Greater Manila areas. To this end, the Corporation and its subsidiaries are currently examining its options for the acquisition of parcels of land in these areas.

## **Demand for Residential Properties**

The Corporation has benefited from greater demand for residential properties resulting from, among other factors, the growth of the Philippine economy, the increasing number of Filipinos investing in the Philippine real estate market, strong levels of OFW remittances and increasing demand from expatriate Filipinos. In addition, the Corporation has also benefited specifically from the underserved backlog for Mass Housing in the Philippines in recent years. The increased demand for residential properties has been a significant factor in the Group's increased revenues and profits over the last three years. In response to these developments, the Corporation has further increased the number of Mass Housing development projects. The Corporation has also begun to offer a variation of Mass Housing residential products, such as condominiums, to address potential demand from specific target markets. It is unclear whether the demand for housing in the Philippines will remain high or continue to grow or whether the demand for the Corporation's products will reach the levels anticipated by the Group.

Negative developments with respect to demand for housing in the Philippines would in turn have a negative effect on the Corporation's operational results. Conversely, positive developments in housing demand would likely positively contribute to the Group's operational results as observed in the past.

### **Critical Accounting Policies**

Critical accounting policies are those that are both (i) relevant to the presentation of the Corporation and its subsidiaries' financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. In order to provide an understanding of how the Group's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the Corporation and its subsidiaries has identified the significant accounting judgments, estimates and assumptions discussed in Note 4 of the Group's audited consolidated financial statements.

The main items subject to estimates and assumptions by management include, among others, due from related parties and refundable deposits, estimation of useful lives of property and equipment, and realizability of deferred tax assets.

While the Corporation believes that all aspects of its financial statements, including the accounting policies discussed in Note 3 to its audited financial statements should be studied and understood in assessing the Group's current and expected financial condition and results of operations, the Group believes that the significant accounting judgments, estimates and assumptions discussed in Note 4 and of the Group's audited financial statements warrant particular attention.

## Discussion of the Company's Results of Operations

For the year ended December 31, 2025 vs. year ended December 31, 2024

| (₱ in thousands, except EPS numbers) | For the years ended December 31, |                  |   |                |                                |                |
|--------------------------------------|----------------------------------|------------------|---|----------------|--------------------------------|----------------|
|                                      | Audited<br>2025                  | Restated<br>2024 | Horizontal Analysis<br>(nominal) (in %) |                | Vertical Analysis<br>2025 2024 |                |
| <b>REVENUE</b>                       |                                  |                  |   |                |                                |                |
| Real Estate Sales                    | 1,401,218                        | 1,401,028        | 190                                     | 0.01%          | 99.07%                         | 99.12%         |
| Other Operating Income               | 13,192                           | 12,491           | 701                                     | 5.61%          | 0.93%                          | 0.88%          |
| <b>Total Revenue</b>                 | <b>1,414,410</b>                 | <b>1,413,519</b> | <b>891</b>                              | <b>0.06%</b>   | <b>100.00%</b>                 | <b>100.00%</b> |
| <b>COST OF REAL ESTATE SALES</b>     | <b>764,330</b>                   | <b>772,605</b>   | <b>(8,275)</b>                          | <b>(1.07%)</b> | <b>54.04%</b>                  | <b>54.66%</b>  |
| <b>GROSS PROFIT</b>                  | <b>650,080</b>                   | <b>640,914</b>   | <b>9,166</b>                            | <b>1.43%</b>   | <b>45.96%</b>                  | <b>45.34%</b>  |
| <b>OPERATING EXPENSES</b>            |                                  |                  |   |                |                                |                |
| Selling Expenses                     | 70,649                           | 65,275           | 5,374                                   | 8.23%          | 4.99%                          | 4.62%          |
| General and Administrative Expenses  | 172,549                          | 181,076          | (8,527)                                 | (4.71%)        | 12.20%                         | 12.81%         |
| <b>Total Operating Expenses</b>      | <b>243,198</b>                   | <b>246,351</b>   | <b>(3,153)</b>                          | <b>(1.28%)</b> | <b>17.19%</b>                  | <b>17.43%</b>  |
| <b>Net Operating Income</b>          | <b>406,882</b>                   | <b>394,563</b>   | <b>12,319</b>                           | <b>3.12%</b>   | <b>28.77%</b>                  | <b>27.91%</b>  |
| Finance Cost, Net                    | 24,440                           | 31,471           | (7,032)                                 | (22.34%)       | 1.73%                          | 2.23%          |
| <b>Income Before Tax</b>             | <b>382,442</b>                   | <b>363,092</b>   | <b>19,350</b>                           | <b>5.33%</b>   | <b>27.04%</b>                  | <b>25.69%</b>  |
| Income Tax Expense                   | (23,049)                         | 3,722            | (26,771)                                | (719.31%)      | (1.63%)                        | 0.26%          |
| <b>NET INCOME</b>                    | <b>359,393</b>                   | <b>366,813</b>   | <b>(7,420)</b>                          | <b>(2.02%)</b> | <b>25.41%</b>                  | <b>25.95%</b>  |
| <b>OTHER COMPREHENSIVE INCOME</b>    |                                  |                  |   |                |                                |                |
| Actuarial gain on retirement plan    | 979                              | (2,764)          | 3,744                                   | (135.43%)      | 0.07%                          | -0.20%         |
| <b>TOTAL COMPREHENSIVE INCOME</b>    | <b>360,373</b>                   | <b>364,049</b>   | <b>(3,677)</b>                          | <b>(1.01%)</b> | <b>25.48%</b>                  | <b>25.75%</b>  |
| <b>BASIC EARNINGS PER SHARE</b>      | <b>0.144</b>                     | <b>0.147</b>     | <b>0.003</b>                            | <b>(2.02%)</b> | <b>0.00%</b>                   | <b>0.00%</b>   |

### Revenue

HTI generated consolidated revenues of ₱1.41 billion for the twelve-month period ended December 31, 2025, reflecting an increase of ₱891 million or 0.06% from ₱1.41 billion in the same period in 2025. The growth was primarily driven by a 5.61% increase in Other operating income from in-house financing activities.

### Cost of Real Estate Sales

Cost of real estate sales decreased by 1.07%, resulting in a slight improvement in gross profit margin to 1.43% in 2025 compared to 2024.

### Operating Expenses

Selling expenses increased by 8.23%, or ₱5.37 million, primarily due to higher marketing and commission costs recognized during the year.

General and administrative expenses slightly decreased by 4.71 %, or ₱8.53 million, due to the reduced discretionary spending during the period.

### Finance Costs, net

Finance costs decreased by 22.34%, or ₱7.03 million, primarily due to lower interest expenses resulting from the settlement of certain loan obligations.

### Income Tax Expense

Income tax expense increased by 719.31%, amounting to ₱26.77 million in 2025 compared to the previous year. The increase was primarily driven by higher taxable income arising from home improvement sales, which are not covered by BOI tax incentives. This was partially offset by tax-exempt sales from the Granary project, which remains under BOI incentive coverage during the period.

## Net Income

HTI's consolidated net income declined by 2.02% or ₱7.42 million for the year 2025 due to an increase in income tax expense.

For the year ended December 31, 2024 vs. year ended December 31, 2023

| (₱ in thousands, except<br>EPS numbers)   | As Restated      |                  | Horizontal Analysis |               | Vertical Analysis |                |
|---|------------------|------------------|---------------------|---------------|-------------------|----------------|
|   | 2024             | 2023             | (nominal)           | (in %)        | 2024              | 2023           |
| <b>REVENUE</b>                            |                  |                  |                     |               |                   |                |
| Real Estate Sales                         | 1,401,028        | 1,011,107        | 389,921             | 38.56%        | 99.12%            | 98.24%         |
| Other Operating Income                    | 12,491           | 18,149           | (5,658)             | (31.18%)      | 0.88%             | 1.76%          |
| <b>Total Revenue</b>                      | <b>1,413,519</b> | <b>1,029,256</b> | <b>384,263</b>      | <b>37.33%</b> | <b>100.00%</b>    | <b>100.00%</b> |
| <b>COST OF REAL ESTATE<br/>SALES</b>      | <b>772,605</b>   | <b>582,282</b>   | <b>190,323</b>      | <b>32.69%</b> | <b>54.66%</b>     | <b>56.57%</b>  |
| <b>GROSS PROFIT</b>                       | <b>640,914</b>   | <b>446,974</b>   | <b>193,940</b>      | <b>43.39%</b> | <b>45.34%</b>     | <b>43.43%</b>  |
| <b>OPERATING EXPENSES</b>                 |                  |                  |                     |               |                   |                |
| Selling Expenses                          | 65,275           | 58,523           | 6,752               | 11.54%        | 4.62%             | 5.58%          |
| General and<br>Administrative Expenses    | 181,076          | 125,684          | 55,392              | 44.07%        | 12.81%            | 11.97%         |
| <b>Total Operating<br/>Expenses</b>       | <b>246,351</b>   | <b>184,207</b>   | <b>62,144</b>       | <b>33.74%</b> | <b>17.43%</b>     | <b>17.55%</b>  |
| <b>Net Operating Income</b>               | <b>394,563</b>   | <b>262,767</b>   | <b>131,796</b>      | <b>50.16%</b> | <b>27.91%</b>     | <b>25.53%</b>  |
| Finance Cost, Net                         | 31,471           | 18,936           | 12,535              | 66.20%        | 2.23%             | 1.80%          |
| <b>Income Before Tax</b>                  | <b>363,092</b>   | <b>243,831</b>   | <b>119,261</b>      | <b>48.91%</b> | <b>25.69%</b>     | <b>23.69%</b>  |
| Income Tax Expense                        | 3,722            | (21,656)         | 25,378              | (117.19%)     | 0.26%             | (2.06%)        |
| <b>NET INCOME</b>                         | <b>366,813</b>   | <b>222,174</b>   | <b>144,639</b>      | <b>65.10%</b> | <b>25.95%</b>     | <b>21.59%</b>  |
| <b>OTHER<br/>COMPREHENSIVE<br/>INCOME</b> |                  |                  |                     |               |                   |                |
| Actuarial gain on<br>retirement plan      | (2,764)          | 10,439           | (13,203)            | (126.48%)     | (0.20%)           | 1.01%          |
| <b>TOTAL<br/>COMPREHENSIVE<br/>INCOME</b> | <b>364,049</b>   | <b>232,614</b>   | <b>131,436</b>      | <b>56.50%</b> | <b>25.75%</b>     | <b>22.60%</b>  |
| <b>BASIC EARNINGS PER<br/>SHARE</b>       | <b>0.147</b>     | <b>0.089</b>     | <b>0.058</b>        | <b>65.10%</b> |                   |                |

## Revenues

The Group posted total revenues of ₱1.41 billion for the year ended December 31, 2024, representing an increase of ₱384.26 million or 37.33% from ₱1.03 billion in 2023.

The increase in revenues was primarily attributable to real estate sales, which grew by 38.56% to ₱1.40 billion in 2024 from ₱1.01 billion in 2023. Real estate sales accounted for 99.12% and 98.24% of total revenues in 2024 and 2023, respectively. The majority of the revenues recognized during the year were attributable to the Company's the Granary Project in Laguna, reflecting higher construction accomplishments and sales take-up.

Other operating income declined by ₱5.66 million or 31.18% year-on-year, primarily due to lower income from in-house financing activities. During the year, the Company strategically reduced its in-house financing offerings and encouraged buyers to secure take-out financing through the Home Development Mutual Fund (HDMF) and bank financing.

## Cost of Real Estate Sales

Cost of real estate sales amounted to ₱772.60 million in 2024, an increase of ₱190.32 million or 32.69% from ₱582.28 million in 2023. The increase was generally consistent with the growth in recognized real estate sales during the year.

Gross profit increased to ₱640.91 million in 2024 from ₱446.97 million in 2023, representing a 43.39% increase. Gross margin improved to 45.34% in 2024 from 43.43% in 2023 primarily due to project mix and cost management initiatives.

### **Operating Expenses**

Total operating expenses increased to ₱246.35 million in 2024 from ₱184.21 million in 2023, representing an increase of 33.74%.

Selling expenses amounted to ₱65.27 million in 2024, reflecting an increase of 11.54% from ₱58.52 million in 2023. The increase was primarily driven by higher commissions and marketing-related expenses consistent with increased sales activity.

General and administrative expenses increased by 44.07% to ₱181.08 million in 2024 from ₱125.68 million in 2023. The increase reflected higher manpower requirements, professional fees, and project-related activities as the Company continued to strengthen its support functions to sustain ongoing expansion.

### **Finance Costs, Net**

Net finance costs increased by ₱12.53 million or 66.20%, from ₱18.94 million in 2023 to ₱31.47 million in 2024. The increase was primarily attributable to higher loans and borrowings during the year and prevailing interest rates. The Company continues to monitor its capital structure and financing costs in light of market conditions.

### **Income Before Tax**

Income before income tax increased by 48.91% to ₱363.09 million in 2024 from ₱243.83 million in 2023, mainly driven by higher revenues and improved operating performance, partially offset by higher finance costs.

### **Income Tax Expense**

Income tax expense decreased by ₱25.38 million, representing a 117.19% decline compared to 2023. The decrease was primarily due to the availment of an income tax holiday incentive granted under the Company's registration with the Board of Investments (BOI). The incentive was applied to The Granary Project, which was the major contributor to revenues during the year. The availability and extent of such incentives are subject to compliance with Applicable Law, rules, and regulations.

### **Net Income**

The Company recorded consolidated net income of ₱366.81 million for 2024, reflecting an increase of ₱144.64 million or 65.10% from ₱222.17 million in 2023. Net margin improved to 25.95% in 2024 compared to 21.59% in 2023. The increase in net income was primarily attributable to higher revenues and improved gross margins, as well as the impact of the income tax holiday, partially offset by increased operating and finance costs.

## Discussion of the Company's Financial Condition

As of December 31, 2025 vs. December 31, 2024

| (₱ in thousands)                                    | Audited           | As                         | Horizontal Analysis |               | Vertical Analysis |                |
|---|-------------------|----------------------------|---------------------|---------------|-------------------|----------------|
|   | December 31, 2025 | Restated December 31, 2024 | (nominal)           | (in %)        | 2025              | 2024           |
| Cash  | 224,947           | 244,378                    | -19,430             | -7.95%        | 2.97%             | 4.08%          |
| Receivables   | 1,115,127         | 762,917                    | 352,210             | 46.17%        | 14.73%            | 12.72%         |
| Contract assets - current portion                   | 674,714           | 827,156                    | -152,442            | -18.43%       | 8.91%             | 13.79%         |
| Real estate inventories                             | 4,331,635         | 2,948,627                  | 1,383,009           | 46.90%        | 57.21%            | 49.17%         |
| Prepayments and other current assets                | 41,221            | 17,404                     | 23,817              | 136.85%       | 0.54%             | 0.29%          |
| <b>Total Current Assets</b>                         | <b>6,387,645</b>  | <b>4,800,481</b>           | 1,587,164           | 33.06%        | 84.36%            | <b>80.05%</b>  |
| Contract assets, net of current portion             | 90,398            | 90,280                     | 118                 | 0.13%         | 1.19%             | 1.51%          |
| Property and equipment, net                         | 1,066,374         | 1,075,445                  | -9,072              | -0.84%        | 14.08%            | 17.93%         |
| Other non-current asset                             | 27,188            | 30,536                     | -3,348              | -10.96%       | 0.36%             | 0.51%          |
| <b>Total Non-Current Assets</b>                     | <b>1,183,960</b>  | <b>1,196,261</b>           | -12,301             | -1.03%        | 15.64%            | <b>19.95%</b>  |
| <b>TOTAL ASSETS</b>                                 | <b>7,571,605</b>  | <b>5,996,741</b>           | 1,574,863           | <b>26.26%</b> | <b>100.00%</b>    | <b>100.00%</b> |
| <b>LIABILITIES AND EQUITY</b>                       |                   |                            |                     |               |                   |                |
| Accounts and other payables                         | 187,122           | 197,407                    | -10,285             | -5.21%        | 2.47%             | 3.29%          |
| Contract Liabilities - current                      | 15,536            | 38,015                     | -22,479             | -59.13%       | 0.21%             | 0.63%          |
| Income tax payable                                  | 4,427             | -                          | 4,427               | -             | 0.06%             | 0.00%          |
| Loans and borrowings - current portion              | 1,130,950         | 782,701                    | 348,249             | 44.49%        | 14.94%            | 13.05%         |
| <b>Total Current Liabilities</b>                    | <b>1,338,035</b>  | <b>1,018,123</b>           | 320,172             | <b>31.42%</b> | <b>17.67%</b>     | <b>16.98%</b>  |
| Loans and borrowings, net of current portion        | 1,945,342         | 974,138                    | 971,204             | 99.70%        | 25.69%            | 16.24%         |
| Advances from related parties                       | 169,947           | 173,929                    | -3,982              | -2.29%        | 2.24%             | 2.90%          |
| Defined benefit obligation                          | 15,060            | 12,704                     | 2,356               | 18.55%        | 0.20%             | 0.21%          |
| <b>Total Non-Current Liabilities</b>                | <b>2,130,349</b>  | <b>1,160,770</b>           | 969,578             | <b>83.53%</b> | <b>28.14%</b>     | <b>27.18%</b>  |
| Share capital                                       | 2,500,000         | 2,500,000                  | -                   | -             | 33.02%            | 41.69%         |
| Share premium                                       | 218,850           | 218,850                    | -                   | -             | 2.89%             | 3.65%          |
| Retained earnings                                   | 1,372,380         | 1,087,987                  | 284,393             | 26.14%        | 18.13%            | 18.14%         |
| Actuarial gain (loss) on defined benefit obligation | 11,990            | 11,011                     | 979                 | 8.89%         | 0.16%             | 0.18%          |
| <b>Total Equity</b>                                 | <b>4,103,220</b>  | <b>3,817,848</b>           | 285,113             | <b>7.47%</b>  | <b>54.19%</b>     | <b>63.67%</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                 | <b>7,571,605</b>  | <b>5,996,741</b>           | 1,574,863           | <b>26.26%</b> | <b>100.00%</b>    | <b>100.00%</b> |

### Total Assets

Haus Talk and its Subsidiaries posted total assets of ₱7.57 billion as of December 31, 2025 representing a net increase of 26.26% or ₱1.57, from ₱6.00 billion as of December 31, 2024.

### Cash

The Company's cash decreased by 7.95% or ₱19.43 million and had an ending balance of ₱224.95 million. The decrease is mainly attributable to the land acquisition and construction costs.

### Current Receivables

Current receivables increased by 46.17%, reaching ₱1.11 billion as of December 31, 2025, driven mainly by higher operational advances mostly to employees, HDMF (Pagibig), and contractors.

**Contract Assets (current)**

Contract assets decreased by 18.43% mainly due to lower remaining equity portions of declared sales as these units progress toward bank/Pagibig take-out.

**Real Estate Inventories**

Real estate inventories increased by 46.90%, or ₱1.38 billion, primarily due to ongoing land development and project development activities for newly launched projects this year, which form part of real estate inventories.

**Prepayments and Other Current Assets**

Prepayments and other current assets increased by 136.85%, or ₱23.82 million, primarily due to higher input VAT, prepaid taxes and licenses, prepaid insurance, and prepaid interest recognized during the period.

**Other Non-Current Asset**

Other non-current assets decreased by 10.96% or ₱3.35 million, primarily due to the utilization and reversal of deferred tax assets, driven by higher taxable income recognized during the period.

**Accounts and Other Payables**

Accounts and other payables decreased by 5.21% or ₱10.29 million mainly due to the settlement of outstanding trade payables and payment of accrued expenses during the period.

**Contract Liabilities (Current)**

Contract liabilities – current decreased by 59.13% or ₱22.48 million, primarily due to the recognition of sales previously recorded as contract liabilities upon satisfaction of revenue recognition criteria.

**Current Loans and Borrowings**

Loans and borrowings – current portion increased by 44.49% during the year primarily due to loans obtained for land acquisition and to support ongoing project developments.

**Non-current Loans and Borrowings**

Loans and borrowings, net of current portion increased by 99.70.% due to loan activities during the year.

**Defined Benefit Obligation**

The Defined Benefit Obligation increased by 18.55% or ₱2.36 million, primarily due to the higher number of employees, longer service periods, and salary adjustments, which led to an increase in benefits earned during the year.

**Retained Earnings**

Retained earnings increased by 26.14%, reflecting the Group's positive net income for the year and the continued accumulation of earnings from prior periods.

**Actuarial Gain on the Defined Benefit Obligation**

The actuarial gain on the defined benefit obligation increased by 8.89% or ₱.98 million, attributable to a change in assumption in actuarial valuation.

As of December 31, 2024 vs. December 31, 2023

| (₱ in thousands)                                    | As restated       |                   |                               |                            | Vertical Analysis |                |
|---|-------------------|-------------------|-------------------------------|----------------------------|-------------------|----------------|
|   | December 31, 2024 | December 31, 2023 | Horizontal Analysis (nominal) | Horizontal Analysis (in %) | 2024              | 2023           |
| <b>ASSETS</b>                                       |                   |                   |                               |                            |                   |                |
| Cash  | 244,378           | 211,855           | 32,523                        | 15.35%                     | 4.08%             | 4.22%          |
| Receivables   | 762,917           | 244,838           | 518,079                       | 211.60%                    | 12.72%            | 4.88%          |
| Contract assets - current portion                   | 827,156           | 768,757           | 58,399                        | 7.60%                      | 13.79%            | 15.31%         |
| Real estate inventories                             | 2,948,627         | 2,626,815         | 321,811                       | 12.25%                     | 49.17%            | 52.33%         |
| Prepayments and other current assets                | 17,404            | 12,039            | 5,364                         | 44.55%                     | 0.29%             | 0.24%          |
| <b>Total Current Assets</b>                         | <b>4,800,481</b>  | <b>3,864,305</b>  | <b>936,176</b>                | <b>24.23%</b>              | <b>80.05%</b>     | <b>76.98%</b>  |
| Contract asset, net of current portion              | 90,280            | 90,110            | 170                           | 0.19%                      | 1.51%             | 1.80%          |
| Property and equipment, net                         | 1,075,445         | 1,046,538         | 28,907                        | 2.76%                      | 17.93%            | 20.85%         |
| Other non-current asset                             | 30,536            | 18,720            | 11,816                        | 63.12%                     | 0.51%             | 0.37%          |
| <b>Total Non-Current Assets</b>                     | <b>1,196,261</b>  | <b>1,155,368</b>  | <b>40,893</b>                 | <b>3.54%</b>               | <b>19.95%</b>     | <b>23.02%</b>  |
| <b>TOTAL ASSETS</b>                                 | <b>5,996,741</b>  | <b>5,019,674</b>  | <b>977,068</b>                | <b>19.46%</b>              | <b>100.00%</b>    | <b>100.00%</b> |
| <b>LIABILITIES AND EQUITY</b>                       |                   |                   |                               |                            |                   |                |
| Accounts and other payables                         | 197,407           | 175,451           | 21,957                        | 12.51%                     | 3.29%             | 3.50%          |
| Contract Liabilities - current                      | 38,015            | 45,123            | (7,108)                       | (15.75%)                   | 0.63%             | 0.90%          |
| Income tax payable                                  | -                 | -                 | -                             | -                          | -                 | -              |
| Lease liability                                     | -                 | -                 | -                             | -                          | 0.00%             | -              |
| Loans and borrowings - current portion              | 782,701           | 396,422           | 386,279                       | 97.44%                     | 13.05%            | 7.90%          |
| <b>Total Current Liabilities</b>                    | <b>1,018,123</b>  | <b>616,996</b>    | <b>401,127</b>                | <b>65.01%</b>              | <b>16.98%</b>     | <b>12.29%</b>  |
| Loans and borrowings, net of current portion        | 974,138           | 713,986           | 260,152                       | 36.44%                     | 16.24%            | 14.22%         |
| Advances from related parties                       | 173,929           | 177,799           | (3,870)                       | (2.18%)                    | 2.90%             | 3.54%          |
| Defined benefit obligation                          | 12,704            | 7,095             | 5,609                         | 79.06%                     | 0.21%             | 0.14%          |
| <b>Total Non-Current Liabilities</b>                | <b>1,160,770</b>  | <b>898,879</b>    | <b>261,891</b>                | <b>29.14%</b>              | <b>19.36%</b>     | <b>17.91%</b>  |
| Share capital                                       | 2,500,000         | 2,500,000         | -                             | -                          | 41.69%            | 49.80%         |
| Share premium                                       | 218,850           | 218,850           | -                             | -                          | 3.65%             | 4.36%          |
| Retained earnings                                   | 1,087,987         | 771,174           | 316,813                       | 41.08%                     | 18.14%            | 15.36%         |
| Actuarial gain (loss) on defined benefit obligation | 11,011            | 13,775            | (2,764)                       | (20.07%)                   | 0.18%             | 0.27%          |
| <b>Total Equity</b>                                 | <b>3,817,848</b>  | <b>3,503,799</b>  | <b>314,049</b>                | <b>8.96%</b>               | <b>63.67%</b>     | <b>69.80%</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                 | <b>5,996,741</b>  | <b>5,019,674</b>  | <b>977,067</b>                | <b>19.46%</b>              | <b>100.00%</b>    | <b>100.00%</b> |

**Total Assets**

Haus Talk and its Subsidiaries posted total assets of ₱6.00 billion as of December 31, 2024, a net increase of 19.46%, from ₱5.02 billion as of year-end 2023.

**Cash**

The Company's cash increased by 15.35% or ₱35.52 million and had an ending balance of ₱244.38 million. The increase was derived from collections from prior year's and current year's sales and bank loan proceeds.

**Receivables (current)**

Current receivables rose by 211.60% mainly due to higher advances and sales already recognized but still awaiting bank take-out.

**Contract Assets (current)**

Current contract assets increased by 7.60% as these represent reported sales with remaining equity from buyers.

**Real Estate Inventories**

Real estate inventories rose by 12.25% during the period, driven by construction and development costs of ongoing projects.

**Prepayments and Other Current Assets**

The prepayments and other current assets increased by 44.55% or ₱5.36 million due to amortization of the prepayments.

**Other Noncurrent Assets**

Other noncurrent assets increased by 63.12% or ₱11.82 million due to the additional refundable deposits and increased deferred tax assets.

**Accounts and Other Payables**

Accounts and other payables increased by 12.51% or ₱21.96 million due to additional construction materials and services incurred during the period.

**Contract Liabilities (current)**

Current contract liabilities decreased by 15.75% or ₱7.11 million, primarily due to higher buyer reservations for house and lot units.

**Loans and Borrowings (current)**

The current portion of loans and borrowings increased by 97.44% or ₱386.28 million primarily due to additional funding requirements for the construction and development of projects, as well as to finance land acquisition activities.

**Loans and Borrowings – net of current portion**

Loans and borrowings, net of the current portion, increased by 36.44% or ₱260.15 million, also driven by the funding requirements of existing projects and the acquisition of new properties.

**Defined Benefit Obligation**

The Defined Benefit Obligation increased by 79.06% or ₱5.61 million, primarily due to the higher number of employees, longer service periods, and salary adjustments, which led to an increase in benefits earned during the year.

**Retained Earnings**

Retained Earnings increased by ₱316.81 million, representing a growth of 41.08%, reflecting the rise in sales and income.

**Actuarial Gain on the Defined Benefit Obligation**

The actuarial gain on the defined benefit obligation decreased by ₱2.76 million, marking a decline of 20.07%, attributable to a change in assumption in actuarial valuation

**Other Disclosures Related to the Company's Financial Condition and Operations**

The Company's business does not experience significant seasonality. While housing sales and construction activities may be affected by weather conditions, holidays, and economic factors at certain times of the year, these variations have not had a material effect on the Company's financial condition or results of operations during the periods covered by the financial statements.

**HAUS TALK, INC. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**COMPARATIVE FIGURES FROM YEAR ENDED DECEMBER 31, 2023 TO DECEMBER 31, 2025**

|   | Share<br>Capital     | Share<br>Premium   | Retained<br>Earnings | Actuarial<br>gain (loss)<br>on defined<br>benefit<br>obligation | Total                |
|---|----------------------|--------------------|----------------------|---|----------------------|
| <b>BALANCE AT DECEMBER<br/>31, 2023</b> | <b>2,500,000,000</b> | <b>218,849,628</b> | <b>771,173,738</b>   | <b>13,775,261</b>   | <b>3,503,798,627</b> |
| Dividend declared                       | -                    |                    | (50,000,000)         | -   | (50,000,000)         |
| Net income                              | -                    |                    | 366,813,496          | -   | 366,813,496          |
| Other comprehensive income              | -                    | -                  | -                    | (2,764,286)   | (2,764,286)          |
| <b>BALANCE AT DECEMBER<br/>31, 2024</b> | <b>2,500,000,000</b> | <b>218,849,628</b> | <b>1,087,987,235</b> | <b>11,010,975</b>   | <b>3,817,847,838</b> |
| Dividend declared                       | -                    |                    | (75,000,000)         | -   | (75,000,000)         |
| Net income                              | -                    |                    | 359,393,215          | -   | 359,393,215          |
| Other comprehensive income              | -                    | -                  | -                    | 979,348   | 979,348              |
| <b>BALANCE AT DECEMBER<br/>31, 2025</b> | <b>2,500,000,000</b> | <b>218,849,628</b> | <b>1,372,380,450</b> | <b>11,990,323</b>   | <b>4,103,220,401</b> |

On October 9, 2024 the Board of Directors of Haus Talk, Inc., approved the declaration of a cash dividend in the total amount of Php50,000,000.00, equivalent to Php0.02 per common share. The cash dividend shall be taken from the unrestricted retained earnings of the Corporation as of December 31, 2023, to be made available to all stockholders of record as of November 8, 2024 and payable on December 2, 2024. For the year ended December 31, 2024 the company and its subsidiaries posted a consolidated Net Income of Php 366,813,496 and a consolidated other comprehensive income of Php 2,764,286.

The Board of Directors approved in a meeting held on October 14, 2025, the declaration of cash dividend in the total amount of PhP75,000,000.00, equivalent to Php 0.03 per common share. The cash dividend was taken from the unrestricted retained earnings of the Company as of December 31, 2024, made available to all stockholders of record as of November 17, 2025 and payable on December 10, 2025. For the year ended December 31, 2025 the company and its subsidiaries posted a consolidated Net Income of Php 359,393,215 and a consolidated other comprehensive income of Php 979,348.

**HAUS TALK, INC. & ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
**FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024 (AUDITED)**

|   | <b>For the period ended Dec. 31,</b> |             |
|---|--------------------------------------|-------------|
|   | <b>2025</b>                          | <b>2024</b> |
|   | <b>(₱ in thousands)</b>              |             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |                                      |             |
| Income before tax   | 382,442                              | 363,092     |
| Adjustments for:  |                                      |             |
| Prior period adjustment                                     | -                                    | -           |
| Provision for expected credit losses                        | 645                                  | -           |
| Interest expense - bank loans                               | 23,707                               | 30,952      |
| Interest expense - defined benefit obligation               | 775                                  | 432         |
| Retirement expense  | 2,560                                | 2,413       |
| Interest income earned                                      | (42)                                 | (65)        |
| Disposal of assets  | 8,305                                | -           |
| Depreciation  | 16,174                               | 12,190      |
|   | 434,566                              | 409,013     |
| Operating income before changes in working capital          |                                      |             |
| Changes in assets and liabilities:                          | -                                    | -           |
| Decrease (Increase) in receivables                          | (352,856)                            | (518,079)   |
| Increase in contract asset                                  | 152,324                              | (58,569)    |
| Decrease (Increase) in real estate inventories              | (1,383,009)                          | (321,811)   |
| Decrease (Increase) in prepayments and other current assets | (23,817)                             | (5,364)     |
| Decrease in other non-current assets                        | 85                                   | (5,822)     |
| Increase in accounts and other payables                     | (10,285)                             | 21,957      |
| Increase in contract liabilities                            | (22,479)                             | (7,108)     |
| Increase in lease liability                                 | -                                    | -           |
| Increase in advances to related parties                     | -                                    | -           |
| Defined benefit obligation                                  | -                                    | -           |
|   | (1,205,471)                          | (485,783)   |
| Cash generated from operations                              |                                      |             |
| Interest received   | 42                                   | 65          |
| Income taxes paid   | (15,359)                             | (2,272)     |
|   | (1,220,788)                          | (487,990)   |
| Net Cash from Operating Activities                          |                                      |             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |                                      |             |
| Acquisition of property and equipment                       | (15,407)                             | (41,097)    |
| Dividend declaration  | -                                    | -           |
| Collections of (additional) advances to related parties     | -                                    | -           |
|   | (15,407)                             | (41,097)    |
| Net Cash from Investing Activities                          |                                      |             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |                                      |             |
| Additions to loans and borrowings                           | 1,319,454                            | 646,431     |
| Payment of advances from related parties                    | (3,982)                              | (3,870)     |
| Issuance of share capital, net of issuance cost             | -                                    | -           |
| Interest paid   | (23,707)                             | (30,952)    |
|   | 1,216,765                            | 561,609     |
| Net Cash from Financing Activities                          |                                      |             |
| <b>NET INCREASE (DECREASE) IN CASH</b>                      | (19,430)                             | 32,522      |
| <b>CASH, BEGINNING</b>                                      | 244,378                              | 211,855     |
| <b>CASH, ENDING</b>   | 224,947                              | 244,378     |

## Statement of Cash Flows December 31, 2025 vs. December 31, 2024

Net cash used in operations amounted to ₱1,220 million in 2025, compared to ₱488 million in 2024. Cash used in operations increased mainly due to higher real estate inventories and receivables, driven by ongoing project development and slower collections. This was partly offset by the increase in contract assets, while other working capital changes had minimal impact.

Net cash used in investing activities decreased to ₱15 million in 2025 from ₱41 million in 2024, primarily due to acquisitions of property and equipment during the period.

Net cash provided by financing activities increased to ₱1,217 million in 2025 from ₱562 million in 2024, mainly due to higher proceeds from loans and borrowings. This was partially offset by interest payments and settlement of advances from related parties.

The net effect of the foregoing operating, investing, and financing activities is a decrease in cash of ₱19.43 million. Accordingly, cash balances amounted to ₱224.95 million as of December 31, 2024, compared to ₱244.38 million as of December 31, 2024.

### HAUS TALK, INC. & ITS SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023 (AUDITED)

|   | For the period ended Dec. 30, |           |
|---|-------------------------------|-----------|
|   | 2024                          | 2023      |
|   | (₱ in thousands)              |           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |                               |           |
| Income before tax   | 363,092                       | 243,831   |
| Adjustments for:  |                               |           |
| Prior period adjustment                                     | -                             | -         |
| Provision for expected credit losses                        | -                             | -         |
| Interest expense - bank loans                               | 30,952                        | 17,945    |
| Interest expense - defined benefit obligation               | 432                           | 1,051     |
| Retirement expense  | 2,413                         | 1,846     |
| Interest income earned                                      | (65)                          | (59)      |
| Disposal of assets  | -                             | -         |
| Depreciation  | 12,190                        | 11,254    |
| Operating income before changes in working capital          | 409,013                       | 275,868   |
| Changes in assets and liabilities:                          | -                             | -         |
| Decrease (Increase) in receivables                          | (518,079)                     | 340,644   |
| Increase in contract asset                                  | (58,569)                      | (766,681) |
| Decrease (Increase) in real estate inventories              | (321,811)                     | (119,009) |
| Decrease (Increase) in prepayments and other current assets | (5,364)                       | 2,220     |
| Decrease in other non-current assets                        | (5,822)                       | (1,194)   |
| Increase in accounts and other payables                     | 21,957                        | (129,226) |
| Increase in contract liabilities                            | (7,108)                       | 45,123    |
| Increase in lease liability                                 | -                             | -         |
| Increase in advances to related parties                     | -                             | -         |
| Defined benefit obligation                                  | -                             | (760)     |
| Cash generated from operations                              | (485,783)                     | (353,017) |
| Interest received   | 65                            | 59        |
| Income taxes paid   | (2,272)                       | (27,217)  |

|   |           |           |
|---|-----------|-----------|
| Net Cash from Operating Activities                      | (487,990) | (380,174) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>             |           |           |
| Acquisition of property and equipment                   | (41,097)  | (31,558)  |
| Dividend declaration                                    | -         | -         |
| Collections of (additional) advances to related parties |           |           |
| Net Cash from Investing Activities                      | (41,097)  | (31,558)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>             |           |           |
| Additions to loans and borrowings                       | 646,431   | 684,384   |
| Payment of advances from related parties                | (3,870)   | (66,873)  |
| Issuance of share capital, net of issuance cost         | -         | -         |
| Interest paid   | (30,952)  | (17,945)  |
| Net Cash from Financing Activities                      | 561,609   | 571,872   |
| <b>NET INCREASE (DECREASE) IN CASH</b>                  | 32,522    | 160,140   |
| <b>CASH, BEGINNING</b>                                  | 211,855   | 51,715    |
| <b>CASH, ENDING</b>                                     | 244,378   | 211,855   |

### Statement of Cash Flows December 31, 2024 vs. December 31, 2023

Net cash used in operations amounted to ₱487.99 million in 2024, compared to ₱380.17 million in 2023. The higher cash outflow was primarily driven by the increase in accounts receivable and real estate inventories.

The net cash used in investing activities for 2024 was ₱41.10 million, compared to ₱31.56 million in 2023. This increase was primarily due to the acquisition of property, plant, and equipment.

Net cash generated from financing activities amounted to ₱561.61 million for the year 2024 as compared to net cash used by financing activities of ₱571.87 million for the year 2023. The increase was primarily driven by the net proceeds from new loan drawdowns.

The net effect of the foregoing operating, investing and financing activities is an increase of ₱32.52 million and cash balances of ₱244.38 million as of December 31, 2024 and ₱211.86 million as of December 31, 2023.

### Key Performance Indicators

The Company' top seven key performance indicators are listed below:

| <b>KEY PERFORMANCE INDICATORS:<br/>FOR THE YEAR ENDED DECEMBER 31, 2025, 2024 &amp; 2023</b> |             |             |             |
|--|-------------|-------------|-------------|
|  | <b>2025</b> | <b>2024</b> | <b>2023</b> |
| Current Ratio <sup>2</sup>   | 4.77:1      | 4.72:1      | 6.28:1      |
| Debt to Equity Ratio <sup>3</sup>  | 0.85:1      | 0.57:1      | 0.43:1      |
| Gross Profit Margin (%) <sup>4</sup>   | 0.46:1      | 0.45:1      | 0.45:1      |
| Before Tax Return on Sales (%) <sup>5</sup>  | 0.27:1      | 0.26:1      | 0.24:1      |

<sup>2</sup> Current Assets / Current Liabilities

<sup>3</sup> Total Liabilities / Stockholders' Equity

<sup>4</sup> Gross Profit / Revenues

<sup>5</sup> Profit Before Tax / Revenues

|                                 |             |             |             |
|---------------------------------|-------------|-------------|-------------|
| Earnings per Share <sup>6</sup> | 0.14:1      | 0.15:1      | 0.10:1      |
| EBITDA <sup>7</sup> (in ₱)      | 423,055,454 | 406,600,194 | 274,021,343 |
| Return on Equity <sup>8</sup>   | 0.09:1      | 0.10:1      | 0.07:1      |

These key indicators were chosen to provide management with a measure of the Company's financial strength (i.e., Current Ratio, Debt to Equity Ratio, and Earnings before Interest and Taxes) and the Company's ability to maximize the value of its stockholders' investment in the Company (i.e., Return on Equity, Earnings per Share).

The Current Ratio shows the liquidity of the Company by measuring how much current assets it has over its current liabilities.

The Debt-to-Equity Ratio indicates how much debt the Company has incurred for each amount of equity in the Company. A higher ratio means that the Company is more aggressive in its use of capital.

Gross profit margin reflects the efficiency of a company in managing its production costs relative to its sales revenue.

The Income Before Tax Ratio is a financial metric that measures the profitability and efficiency of a company's operations by comparing its income before tax to its net sales or revenue. It is expressed as a percentage and provides insights into the company's ability to generate profits before tax obligations.

Earnings per share shows how much the Company is earning for each share that is currently issued and outstanding.

Earnings before interest taxes, depreciation and amortization indicate how much income the Company is generating from its entire operations before interest charges, taxes, depreciation and amortization are deducted.

Return on Equity shows how much profits the Company is making for each amount of equity invested in the Company.

## **Item 7. Financial Statements**

The accompanying audited consolidated financial statements of the Company, comprising the Statements of Financial Position, Statements of Comprehensive Income, Statements of Cash Flows, and Statements of Changes in Equity, together with the related Notes to the Financial Statements and the Independent Auditor's Report thereon, are set forth in the Index to Exhibits of this Report and are incorporated herein by reference.

## **Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

The Company did not change accountants during the year and there have been no disagreements with previous and current accountants.

The financial statements of the Company were audited by Valdes Abad and Company, CPAs during the past three (3) years. There were no disagreements with Valdes Abad and Company, CPAs on any matter of accounting and financial disclosure.

<sup>6</sup> Net Income / Outstanding Shares

<sup>7</sup> Earnings before Interest, Taxes, Depreciation & Amortization computed as Net Income + Interest Expenses, Provision for Income Tax, Depreciation, Amortization

<sup>8</sup> Net Income / Average Stockholders' Equity

The Company's external auditors have no shareholdings in the Company, or any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, in accordance with the professional standard on independence set by the Board of Accountancy and the Professional Regulation Commission.

### **PART III. MANAGEMENT AND CERTAIN SECURITY HOLDERS**

#### **Item 9. Directors and Executive Officers of the Issuer**

The Company is ultimately managed and supervised by its Board of Directors. The Company's executive officers provide the Company's Board of Directors the appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review and decision for short term and long-term plan of action. Pursuant to the Company's latest amended articles of incorporation, approved by the SEC on June 7, 2017, the Board shall consist of seven (7) members, of which two (2) are independent directors.

#### **Directors and Principal Officers of the Company**

All of the directors were elected at the Company's annual shareholders' meeting on July 30, 2025 and will hold office until their successors have been duly elected and qualified.

The table sets forth each member of the Company's Board of Directors and the Group's executive officers as of the date of this report.

| <b>DIRECTORS AND PRINCIPAL OFFICERS OF THE COMPANY</b> |            |                    |  |
|--|------------|--------------------|--|
| <b>Name</b>  | <b>Age</b> | <b>Nationality</b> | <b>Position</b>  |
| Terence Restituto D. Madlambayan                       | 61         | Filipino           | Chairman of the Board                                      |
| Maria Rachel D. Madlambayan                            | 59         | Filipino           | Director/ President  |
| Luis Pio D. Madlambayan                                | 57         | Filipino           | Director   |
| Ma. Leah D. Madlambayan                                | 58         | Filipino           | Director / VP-Sales and Marketing                          |
| Joselito D. Madlambayan                                | 60         | Filipino           | Director   |
| Atty. Angelico T. Salud                                | 63         | Filipino           | Independent Director                                       |
| Atty. Jose Ferdinand M. Rojas II                       | 59         | Filipino           | Independent Director                                       |
| Noemi D. Madlambayan                                   | 49         | Filipino           | VP-Procurement and Warehouse/<br>Asst. Corporate Secretary |
| Maria Agnes M. Siapno                                  | 56         | Filipino           | Chief Finance Officer and<br>Controller                    |
| Gloria Judith D. Madlambayan                           | 51         | Filipino           | Treasurer  |
| Atty. Lyra Gracia Y. Lipae-Fabella                     | 49         | Filipino           | Corporate Secretary  |
| Noemi V. Aniban  | 43         | Filipino           | Compliance Officer   |
| Francis Miguel R. Madlambayan                          | 33         | Filipino           | Investor Relations Officer                                 |

The following is a brief write-up of the Board of Directors and Executive Officers which include positions held as of December 31, 2025 and in the past five years, and personal data as of December 31, 2025:

**TERENCE RESTITUTO D. MADLAMBAYAN**

**Chairman of the Board**

Mr. Madlambayan has been the Chairman of Haus Talk, Inc. since April 2021. He was also the Chairman and Vice-President of Tradition Homes, Inc., a subsidiary of Haus Talk, Inc., since 2004. He is also a Director and the elected Treasurer of Mholdings, Inc., a holding company primarily engaged in the business of acquisition and management of real estate properties. He obtained his degree in Bachelor of Science in Mechanical Engineering in Don Bosco Technical School in Pampanga.

**MARIA RACHEL D. MADLAMBAYAN**

**Director and President**

Ms. Madlambayan holds the position of Director/ President of Haus Talk, Inc. since June 2018. She is also the President and Chief Executive Officer of Tradition Homes, Inc., a subsidiary of Haus Talk, Inc.; Allied Community Builders and Development Inc., a real estate company; Mholdings, Inc., a holding company primarily engaged in business of or acquisition and management of real estate properties; and Tradition Solar Energy Generation, Inc., a company engaged in the business of developing solar energy generation. She obtained her degree in Bachelor of Science in Mathematics in St. Scholastica's College.

**LUIS PIO D. MADLAMBAYAN**

**Director**

Mr. Luis Pio D. Madlambayan has been part of the Board of Directors of Haus Talk, Inc. since April 2021. Mr. Madlambayan holds the position of President of Lifestyle Development Corporation from 1999 to present. He is also a member of the Board of Directors of Mholdings, Inc., from 2017 to present and a president of Madlambayan Dimson Realty Development Corporation since 2025.

**MA. LEAH D. MADLAMBAYAN**

**Director and Vice President for Sales and Marketing**

Ms. Ma. Leah D. Madlambayan is the Vice President for Sales and Marketing of Haus Talk, Inc., and has been a Director since April 2021 up to present. She is also the Vice-President for Sales & Marketing of Tradition Homes, Inc. from 2007 to present. A director and Vice-President of Tradition Solar Energy Generation Inc. from 2015 to present, an Assistant Corporate Secretary of Allied Community Builders & Development, Inc. from 2015 to present. Ms. Madlambayan obtained her degree in Bachelor of Science in Nutrition and Dietetics from St. Scholastica's College.

**JOSELITO D. MADLAMBAYAN**

**Director**

Mr. Joselito D. Madlambayan has been part of the Board of Directors of Haus Talk, Inc. since April 2021. He is also a Director and elected Vice- President of Mholdings, Inc., from 2017 to present, and Director and Vice- President of Allied Community Builders & Development, Inc. from 2011 to present.

**ANGELICO T. SALUD**  
**Independent Director**

Atty. Angelico T. Salud is an Independent Director of Haus Talk, Inc. since April 2021. He was the Executive Vice President of Converge ICT Solutions, Inc. from year 2022 to 2023 and a Consultant from 2023 up to present. He is a Consultant of San Miguel Holdings Corp. and Siklab Pilipinas Sports Foundation from 2016 to 2017. Atty. Salud also served as Commissioner of the Philippine Basketball Association from 2010 to 2015, and was appointed as the Chief Executive Officer of the Association in 2015. He obtained his degree in Bachelor of Science in Legal Management from the Ateneo de Manila University and his law degree from the University of the Philippines.

**JOSE FERDINAND M. ROJAS II**  
**Independent Director**

Atty. Jose Ferdinand M. Rojas II is an Independent Director of Haus Talk, Inc. since October 2022. He is currently engaged in the general practice of law through the firm he established, Jose M. Rojas Law Office. He was the former Vice-Chairman and General Manager of the Philippine Charity Sweepstakes Office. He is also an opinion columnist for the Business Mirror and Pilipino Mirror. Atty. Rojas obtained his bachelor's degree in economics and political science from the University of Massachusetts, where he graduated Cum Laude, and he obtained his law degree from the Ateneo de Manila University in 1994.

**NOEMI D. MADLAMBAYAN**  
**VP for Procurement and Warehouse and Asst. Corporate Secretary**

Ms. Noemi D. Madlambayan holds the position of Vice-President for Procurement and Warehouse of Haus Talk, Inc. from April 2021 up to present, and is currently the Asst. Corporate Secretary of the Company. She is also elected as the Vice-President for Procurement and Warehouse and Corporate Secretary of Tradition Homes, Inc., a subsidiary of Haus Talk, Inc., and a Corporate Secretary of Mholdings, Inc. from July 2025 to present. A Director of Tradition Solar Energy Generation Inc. from 2015 to present. She obtained her degree in Bachelor of Science in Commerce Major in Entrepreneurship at Assumption College.

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

Mrs. Maria Agnes M. Siapno is the Chief Finance Officer of Haus Talk, Inc. since April 2021. She also holds the position of Chief Finance Officer at Tradition Homes, Inc a subsidiary of Haus Talk, Inc. Mrs. Siapno serves as Corporate Secretary to various private companies such as Mholdings, Inc, Allied Community Builders & Development, Inc, and Tradition Solar Energy Generation, Inc. She formerly served as the Corporate Secretary of Haus Talk Inc. from 2017 up to 2021. She obtained her degree in Bachelor of Science in Commerce Major in Entrepreneurship at Assumption College.

**GLORIA JUDITH D. MADLAMBAYAN**

**Treasurer**

Ms. Gloria Judith D. Madlambayan is the Treasurer of Haus talk, Inc. since January 2006. She also serves as Treasurer to various private companies such as Tradition Homes, Inc. from 2007 up to present and Tradition Solar Energy Generation, Inc. from 2015 up to present. She obtained her degree in Bachelor of Science in Commerce Major in Entrepreneurship at Assumption College.

**LYRA GRACIA Y. LIPAE-FABELLA**

**Corporate Secretary**

Atty. Lyra Gracia Y. Lipae-Fabella is a Certified Public Accountant and member of the Integrated Bar of the Philippines. She is the Corporate Secretary of Haus Talk, Inc. since April 2022. She is also an Officer and/or Trustee to a number of publicly-listed corporations and private companies. At present, she is the Managing Partner of the Fabella and Fabella Law Office. She previously worked as Junior Auditor in a leading auditing firm, Associate in a law firm and Securities Counsel III with the Securities and Exchange Commission. Atty. Lipae-Fabella obtained her Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines in Quezon City and her Bachelor of Laws degree (now Juris Doctor) from San Beda College (now San Beda University) in Manila.

**NOEMI V. ANIBAN**

**Compliance Officer**

Ms. Noemi V. Aniban has been the Compliance Officer of Haus Talk, Inc. since July 2023. Before her current appointment, she held various roles in accounting and compliance, including Accountant and Compliance Officer at Super Guardian Corp. (April 2010 to November 2013), Assistant Accounting Manager at Shang Properties Realty Corp. (November 2013 to June 2015), Senior Accountant at TOA Global (June 2016 to June 2017), and Accounting Manager at Metro Combined Logistics Corp. (June 2017 to July 2019). She earned her Bachelor of Science in Accountancy from the National College of Business and Arts in 2003 and subsequently became a Certified Public Accountant. She later pursued and completed a Master's degree in Business Administration.

**FRANCIS MIGUEL R. MADLAMBAYAN**

**Head of Corporate Planning and Investor Relations**

Mr. Francis Miguel R. Madlambayan is the Head for Corporate Planning and Investor Relations of Haus Talk, Inc. since July 2023. Prior to this, he served as the Business Development Manager of Haus Talk, Inc. from 2016 to 2021. He is an Assistant Corporate Secretary of Mholdings, Inc from 2023 up to present. He previously worked as Operations Associate Manager of Station Square East Commercial Corporation from 2014 to 2016. Mr. Madlambayan earned a Bachelor of Science degree in Management Major in Communication Technology and Minor in Financial Management at the Ateneo de Manila University, and obtained a Master's Degree from the IESE Business School in Barcelona, Spain.

**Involvement in Certain Legal Proceedings (over the past 5 years)**

To the best of the Company's knowledge, none of the directors, nominee for election as director, executive officers or controlling person of the Company has been involved in any material pending legal proceedings in any court or administrative agency of the government, involving:

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer, either at the time of the bankruptcy or within two (2) years prior to that time;
- any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

### Item 10. Executive Compensation

The following table is a summary of all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly, the Chief Executive Officer (“CEO”), the four (4) most highly compensated executive officers, and all officers and directors as a Group as of December 31, 2025:

|   | Year | Salary<br>(In Philippine Pesos)* | Bonus | Annual<br>Compensation |
|---|------|----------------------------------|-------|------------------------|
| CEO and top four (4) highest compensated officers | 2025 | 16,372,400.00                    | None  | None                   |
|   | 2024 | 9,360,000.00                     | None  | None                   |
|   | 2023 | 8,072,025.00                     | None  | None                   |
| All officers and directors as a group unnamed     | 2025 | 9,583,100.00                     | None  | None                   |
|   | 2024 | 7,158,600.00                     | None  | None                   |
|   | 2023 | 8,000,025.00                     | None  | None                   |

| (4) Most highly compensated officers other than the CEO |                               |
|---|-------------------------------|
| YEAR  | EXECUTIVE OFFICERS            |
| 2025  | Madlambayan, Noemi D.         |
|   | Madlambayan, Gloria Judith D. |
|   | Siapno, Maria Agnes M.        |
| 2024  | Madlambayan, Ma. Leah D.      |
|   | Madlambayan, Noemi D.         |
|   | Madlambayan, Gloria Judith D. |
|   | Siapno, Maria Agnes M.        |
| 2023  | Madlambayan, Ma. Leah D.      |
|   | Madlambayan, Noemi D.         |
|   | Madlambayan, Gloria Judith D. |
|   | Siapno, Maria Agnes M.        |

## Compensation of Directors

Under the By-Laws of the Company, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than 10% of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may determine, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders. As of date, the directors have yet to pass a resolution fixing their per diem.

There are no other arrangements for compensation either by way of payments for committee participation or special assignments. There are also no outstanding warrants or options held by the Company's Chief Executive Officer, other officers and/or directors.

## Significant Employees

The Company believes in the concept of shared responsibility and teamwork. For this reason, no single employee is expected by the Company to make significant contributions to the business.

## Management Incentive Plans

The Company plans to establish a Bonus Scheme to provide executives and key managers a long-term incentive that is designed to reward the achievements of those who exhibit exemplary performance in the business. The Bonus Scheme will grant cash bonuses to executives and managers of different salary grade levels assuming they have exceeded expectations on their Key Performance Indicators (KPIs), usually based on financial objectives. The Company's Board of Directors intends to set up several committees, one of which is the compensation committee that will provide oversight on its policies and implementation procedure. Its approval will be based on the discretion and approval of the Board of Directors.

## Item 11. Security Ownership of Certain Beneficial Owners and Management

Beginning January 17, 2022, the Company's common shares are traded and listed with the PSE.

The following table shows the security ownership of directors and officers in the common shares of the Company as of December 31, 2025:

| SECURITY OWNERSHIP OF THE DIRECTORS |  |   |                       |             |                    |             |
|-------------------------------------|--|---|-----------------------|-------------|--------------------|-------------|
| TITLE OF CLASS                      | NAME, ADDRESS OF RECORD OWNER AND RELATIONSHIP WITH ISSUER | NAME OF BENEFICIAL OWNER AND RELATIONSHIP WITH RECORD OWNER | POSITION              | CITIZENSHIP | NO. OF SHARES HELD | % OWNERSHIP |
| Common                              | Terence Restituto D. Madlambayan                           | Same as the Record Owner                                    | Chairman of the Board | Filipino    | 170,222,361        | 6.81%       |
|                                     |  |   |                       |             | 84,093,185         | 3.36%       |

|  |                                    |                          |   |              |                      |               |
|--|------------------------------------|--------------------------|---|--------------|----------------------|---------------|
| Common                                       | Maria Rachel D. Madlambayan        | Same as the Record Owner | Director/President  | Filipino     | 170,181,363          | 6.81%         |
|  |                                    |                          |   |              | 84,093,184           | 3.36%         |
| Common                                       | Luis Pio D. Madlambayan            | Same as the Record Owner | Director  | Filipino     | 168,181,363          | 6.73%         |
| Common                                       | Ma. Leah D. Madlambayan            | Same as the Record Owner | Director/Vice President for Sales and Marketing           | Filipino     | 168,181,363          | 6.73%         |
| Common                                       | Joselito D. Madlambayan            | Same as Record Owner     | Director  | Filipino     | 168,181,363          | 6.73%         |
| Common                                       | Atty. Angelico T. Salud            | Same as Record Owner     | Independent Director                                      | Filipino     | 1                    | 0.00%         |
| Common                                       | Atty. Jose Ferdinand M. Rojas II   | Same as Record Owner     | Independent Director                                      | Filipino     | 1,000                | 0.00%         |
| Common                                       | Noemi D. Madlambayan               | Same as Record Owner     | VP – Procurement and Warehouse/ Asst. Corporate Secretary | Filipino     | 168,181,363          | 6.73%         |
| Common                                       | Maria Agnes M. Siapno              | Same as Record Owner     | Chief Finance Officer                                     | Filipino     | 168,181,364          | 6.73%         |
| Common                                       | Gloria Judith D. Madlambayan       | Same as Record Owner     | Treasurer   | Filipino     | 168,181,363          | 6.73%         |
| Common                                       | Atty. Lyra Gracia Y. Lipae-Fabella | N/A                      | Corporate Secretary                                       | Filipino     | 0                    | 0             |
| Common                                       | Noemi V. Aniban                    | N/A                      | Compliance Officer  | Filipino     | 0                    | 0             |
| Common                                       | Francis Miguel R. Madlambayan      | N/A                      | Investor Relations Officer                                | Filipino     | 0                    | 0             |
|  |                                    |                          |   | <b>TOTAL</b> | <b>1,517,679,273</b> | <b>60.71%</b> |
| <i>*Beneficial Owner is the Record Owner</i> |                                    |                          |   |              |                      |               |

## Item 12. Certain Relationships and Related Transactions

The Company, its subsidiaries and affiliates, engage in transactions in the ordinary course of business. As part of Company policy, with respect to related party transactions, it ensures that these transactions are entered into on terms comparable to those available from unrelated third parties.

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

## PART IV. CORPORATE GOVERNANCE

Haus Talk, Inc. and its subsidiaries have always been committed to strong adherence to the best practices and principles on good corporate governance as embodied in its Manual on Corporate Governance (“Manual”). An evaluation system has been established by the Company to measure or determine the level of compliance of the Board of Directors and top-level management with its Manual. The Board of Directors should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. This self-assessment should be supported by an external facilitator every three (3) years or as may be deemed practicable.

The Board of Directors is primarily responsible for the governance of the Company. In addition to setting the policies for the accomplishment of corporate objectives, it has the duty to provide an independent check on the Management. The Board is mandated to attend its regular and special meetings in person or through teleconferencing. The Company’s independent directors are aware of their duties as such under the Manual. These independent directors are expected to look after the interests of minority shareholders as well as other stakeholders.

There has been no material non-compliance with or deviation from the Company’s Manual on Corporate Governance during the year. The Company will continue to monitor compliance with the SEC Rules on Corporate Governance, and shall remain committed in ensuring the adoption of other systems and practices of good corporate governance to enhance its value for its shareholders.

In adopting the Manual, the Company understands the responsibilities of the Board and its members, in governing the conduct of the business of the Company and the Board Committees, in focusing on specific board functions to aid in the optimal performance of its roles and responsibilities, and the officers, in ensuring adherence to corporate principles and best practices.

## PART V. EXHIBITS AND SCHEDULES

### Item 14. Exhibits and Reports on SEC Form 17-C

The following reports are attached to this Annual Report:

- Sustainability Report
- 2025 Consolidated Audited Financial Statements

The matters approved, acted upon by the Board of Directors of the Company, or disclosed by the Company in 2025 via SEC Form 17-C are as follows:

| <b>Date</b>      | <b>Matters Approved/Reported</b>  |
|------------------|---|
| January 24, 2025 | Change in Shareholdings of Directors and Principal Officers   |
| May 13, 2025     | Approval of the following:<br><br>1. Holding of the Annual Stockholders’ Meeting of the Corporation on July 30, 2025 at 2:00pm, with record date set on June 30, 2025. The meeting shall be done online via Zoom. |

|                   |  |
|-------------------|--|
|                   | <p>2. Acquisition by the Corporation of 5 parcels of land with an aggregate area of 135,980.50 square meters located in Antipolo, Rizal, from National Steel Corporation; and the grant of authority to the President, Maria Rachel D. Madlambayan, to negotiate and finalize the deal, and sign the relevant documents for and on behalf of the Company.</p>  |
| July 30, 2025     | Results of Annual Stockholders' Meeting  |
| July 30, 2025     | Results of Organizational Meeting  |
| August 5, 2025    | Recognition as one of the Top 10 Pag-IBIG Developers for the first half of 2025.   |
| October 14, 2025  | <p>Approval by the Board of the following matters:</p> <p>1. Issuance of Securities and Exchange Commission – registered fixed rate, Philippine Peso-denominated Bonds (“Bonds”) with up to PhP 1,000,000,000.00 base offer and an oversubscription option of up to PhP 1,000,000,000.00 and listing of the same with the Philippine Dealing and Exchange Corporation.</p> <p>The Board delegated to the Management the authority to determine the final issue amount, interest rate, offer price, tenors, and other terms and conditions of the Bonds offering, including the appointment of the parties that will be involved in the Bond offering, with the Chairman of the Board and/or the President as the authorized signatories.</p> <p>The Board also approved the appointment of Security Bank Capital Investment Corporation as the issue manager, lead underwriter and bookrunner for the public offer, distribution, sale and issuance of the Bonds.</p> <p>2. Declaration of regular cash dividends with the following particulars:</p> <p>Record Date: November 17, 2025<br/> Payment Date: December 10, 2025<br/> Dividend per common share: PhP 0.03</p> <p>The cash dividends shall be taken from the unrestricted retained earnings of the Corporation as of December 31, 2024.</p> |
| November 28, 2025 | Attendance in Corporate Governance Seminar   |
| December 23, 2025 | PRS A with Stable Outlook from PhilRatings   |

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code and the Revised Corporation Code, this report is signed on behalf of the Company by the undersigned, thereunto duly authorized in

MANDALUYONG CITY on 05 MAY 2026

By:

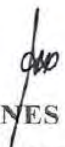
**HAUS TALK, INC.**

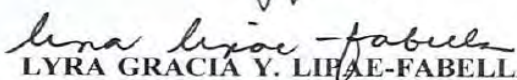
Issuer By:

  
**TERENCE RESTITUTO D. MADLAMBAYAN**  
Chairman of the Board

  
**MARIA RACHEL D. MADLAMBAYAN**  
President

  
**GLORIA JUDITH D. MADLAMBAYAN**  
Treasurer

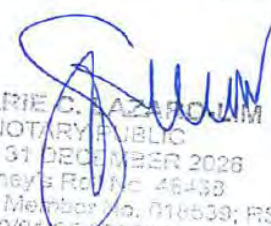
  
**MARIA AGNES M. SIAPNO**  
Chief Finance Officer

  
**LYRA GRACIA Y. LIPAE-FABELLA**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this 05 MAY 2026 affiants exhibiting to me the following competent evidence of identity, to wit:

| NAME                             | ID No.       | ISSUED BY              |
|----------------------------------|--------------|------------------------|
| Terence Restituto D. Madlambayan | 33-7101879-6 | Social Security System |
| Maria Rachel D. Madlambayan      | 33-3417220-3 | Social Security System |
| Gloria Judith D. Madlambayan     | 33-3417222-9 | Social Security System |
| Maria Agnes M. Siapno            | 33-3417219-3 | Social Security System |
| Lyra Gracia Y. Lipae-Fabella     | 09-1836302-0 | Social Security System |

Doc. No. 49 ;  
Page No. 11 ;  
Book No. 1 ;  
Series of 170116

  
**JG MARIE C. AZARON LIM**  
NOTARY PUBLIC  
UNTIL 31 DECEMBER 2026  
Attorney's Roll No. 46438  
IBP Lifetime Member No. 016539; RSM  
PTR No. 6038140/01.05.2026/Mandaluyong City  
ACLE Compliance No. VII-0041959 valid until 14 April 2028  
Notarial Commission Appointment No. 0254-25  
1708-North Sheridan Towers Condominium  
Ergy. Highway Hills, Mandaluyong City

## Annex A: SUSTAINABILITY REPORT

### Contextual Information

|   |   |
|---|---|
| <b>Company Details:</b>   |   |
| <b>Name of Organization</b>   | Haus Talk, Inc.   |
| <b>Location of Headquarters</b>   | Unit 701 Orient Square Bldg. F. Ortigas Jr. Rd., Ortigas Center Pasig City  |
| <b>Location of Operations</b>   | Various municipalities in Antipolo Rizal, Laguna, Cavite and Metro Manila   |
| <b>Report Boundary: Legal entities (e.g. subsidiaries) included in this report*</b> | This report covers the operations of the Parent Company and its subsidiaries. The subsidiaries are similarly engaged in real estate development.  |
| <b>Business Model, including Primary Activities, Brands, Products, and Services</b> | <p>HAUS TALK, INC. (the “Company” or “HTI”) is a residential real estate developer whose projects in property development are found in Antipolo City, Laguna, Cavite and Metro Manila. It is a publicly listed corporation which became the first company to list on the Philippine Stock Exchange in January 2022. It raised P750 million from its initial public offering (IPO).</p> <p>The Corporation’s primary purpose is to engage in the business of general construction and builders of all kinds of houses, homes, building structures, edifices of all kinds whatsoever, roads, bridges, and in general, all kinds of vertical and all horizontal construction works including subdivision and in the connection with the above purposes to enter into all kinds of contracts, singly or jointly with any other persons juridical or otherwise, builders or consultants for the aforesaid works, for real estate development and generally to perform any kinds of acts connected with the business above stated or incidental thereto including the hiring or employment of architects, engineers, consultants and other personnel to carry on the business of the company.</p> <p>After the company’s formal establishment in 2004, residential developments took place which included Eastview Homes 1 and 2 in Antipolo; Southview Homes 1 and 2 and South Hills in San Pedro, Laguna; and Eastview Homes Marikina, Tradition Square Maceda, Eastview Town Homes Marikina, Tradition Square and Winn Residences in Metro Manila.</p> <p>In the works are more horizontal developments such as Eastview Homes 3, Eastview Residences Premiere, Celestis 1 and 2, in Antipolo and The Granary, Southview Homes Sta. Rosa, Southview Homes Calendola in Laguna.</p> |
| <b>Reporting Period</b>   | January 1, 2025 to December 31, 2025  |
| <b>Highest ranking Person responsible for this report</b>                           | Ms. Maria Rachel D. Madlambayan – President   |

## Materiality Process

### Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

In determining the topics material to the Corporation, the Management assigned to the relevant departments the responsibility of gathering and analyzing data and information for the disclosure topics in this Sustainability Report.

The management initially utilized WH questions to identify and determine the internal and external factors that could substantially affect the organization's ability to create value in short, medium and long term.

Further, a desktop review of the industry trends, risks and opportunities and linking them to legitimate stakeholders' interest and concerns served as a guide for the Corporation to assess and prioritize material topics based on their relevance and impact on the company's ability to create value for its stakeholders.

Per assessment, the following topics were identified as material to the Corporation:

|    | Topic   |
|----|---|
|    | <b>ECONOMIC</b>   |
| a. | Direct Economic Value Generated & Distributed           |
| b. | Climate-related risks and opportunities                 |
| c. | Procurement Practices                                   |
| d. | Anti-corruption   |
| e. | Incidents of Corruption                                 |
|    | <b>ENVIRONMENT</b>                                      |
| a. | Resource Management                                     |
| b. | Ecosystems and biodiversity                             |
| c. | Environmental Impact Management                         |
| d. | Air Emissions   |
| e. | Air Pollutants  |
| f. | Solid and Hazardous Wastes                              |
| g. | Effluents   |
| h. | Environmental Compliance                                |
|    | <b>SOCIAL</b>   |
| a. | Employee Management                                     |
| b. | Employee Training and Development                       |
| c. | Labor Management Relations                              |
| d. | Diversity and Equal Opportunity                         |
| e. | Workplace Conditions, Labor Standards, and Human Rights |
| f. | Occupational Health and Safety                          |
| g. | Labor Laws and Human Rights                             |
| h. | Supply Chain Management                                 |
| i. | Relationship with Community                             |
| j. | Significant Impacts on Local Communities                |
| k. | Customer Management                                     |
| l. | Health and Safety                                       |
| m. | Marketing and Labelling                                 |
| n. | Customer Privacy  |
| o. | Data Security   |
|    | <b>UN SUSTAINABLE DEVELOPMENT</b>                       |
| a. | Product Service Contribution to UN SDGs                 |

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

| Disclosure  | Amount        | Units |
|---|---------------|-------|
| Direct economic value generated (revenue)                                   | 1,401,217,951 | Php   |
| Direct economic value distributed:  |               |       |
| a. Operating costs  | 243,198,129   | Php   |
| b. Employee wages and benefits  | 75,730,107    | Php   |
| c. Payments to suppliers, other operating costs                             | 40,025,140    | Php   |
| d. Dividends given to stockholders and interest payments to loan providers* | 98,705,847    | Php   |
| e. Taxes given to government  | 12,563,379    | Php   |
| f. Investments to community (e.g. donations, CSR)                           | 1,175,089     | Php   |

|  |   |
|--|---|
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b> | <ul style="list-style-type: none"> <li>The demand for houses and how the company will position its product in the market heavily depends on the country's economic condition</li> <li>Value generation for the Corporation's stockholders</li> <li>Increase in the benefits given to the employees</li> <li>Great contribution in the Government's mass housing programs and higher contribution to the economy as a result of increased sales</li> </ul> |
| <b>Which stakeholders are affected?</b>  | Government, Stockholders, Employees, Community  |
| <b>Management Approach</b>   | <p>Haus Talk Inc., and its subsidiaries are committed to adhere to the sound practices of corporate governance in setting the Corporation's values which serve as its foundation in the attainment of its corporate goals and objectives.</p> <p>The Corporation shall maintain sustainability through its progressive and proactive policies and programs, coupled with a continuous review and evaluation of business strategies.</p>                   |

|   |   |
|---|---|
| <b>What are the risks identified?</b>   | <ul style="list-style-type: none"> <li>Increase in construction cost</li> <li>Increase of interest rates</li> <li>Unproportional increase of inflation rate and worker's salary</li> <li>Challenges in strictly complying with the standards set by the regulatory bodies</li> </ul>  |
| <b>Which stakeholders are affected?</b> | Stockholders, Employees, Suppliers, Government, Customers   |
| <b>Management Approach</b>              | <ul style="list-style-type: none"> <li>The Corporation sources its construction materials from third party suppliers which must be approved by the directors on the basis of whether the products are reliable and suitable for the projects.</li> <li>The Corporation continues to establish good relationships with its partner banks to assist the financing of its buyers.</li> <li>The Corporation conducts a thorough review of the policies implemented by the government regulating bodies to ensure compliance.</li> </ul> |

|   |  |
|---|--|
| <b>What are the opportunities identified?</b> | <ul style="list-style-type: none"> <li>• Production of low-cost yet quality and sustainable housing projects</li> <li>• Strategic location selection for housing projects</li> <li>• Integrated operations of the business to build brand value</li> </ul>   |
| <b>Which stakeholders are affected?</b>       | Community, Customers, Employees, Stockholders, Government  |
| <b>Management Approach</b>                    | <ul style="list-style-type: none"> <li>• The Corporation is very hands-on in selecting reliable local suppliers that will continuously provide and deliver quality raw materials that are suitable for the Corporation's projects.</li> <li>• The Corporation maintains a meticulous eye in selecting areas to develop for its projects. The Corporation conducts site visits, studies and seeks locations with high-value potential.</li> <li>• The Corporation prides itself on its hands-on and personalized approach, which allows the company to respond effectively to its clients and industry partners.</li> <li>• The Corporation invests in the continuous training of its employees to further enhance their skills in the real estate industry.</li> </ul> |

### **Climate-related risks and opportunities**

|                            |  |
|----------------------------|--|
| <b>Governance</b>          | The Corporation, headed by its Board and Risk Oversight Committee, undertakes the responsibility of overseeing effective management of climate-related risks and opportunities in every project, activities, future plans and decisions of the Corporation.  |
| <b>Strategy</b>            | Considering physical and transition risks of climate change which affects almost every aspect of the real estate business, the corporation shall incorporate climate change risks into its asset and portfolio valuations, pricing considerations, and other relative matter.  |
| <b>Risk Management</b>     | <p>The Corporation carefully selects areas for development to reduce the possible risk of climate change impact in its projects. The Corporation thoroughly assesses the area's topography, air and water quality, climate, and sustainability, all of which are important criteria in the company's acquisition of property on which to build its eco-friendly projects.</p> <p>Additionally, in the process of developing sustainable projects, the Corporation carefully selects sustainable building materials, techniques, and designs to reduce negative environmental impact.</p> |
| <b>Metrics and Targets</b> | <p>The Corporation is on the process of developing an environmental framework to better understand and analyze the risks, opportunities and financial impacts of climate change to the company.</p> <p>Once environmental framework has been developed, the Corporation will come up with the appropriate strategies and targets to address the identified risks and capitalize on available opportunities.</p>  |

### **Procurement Practices**

#### **Proportion of spending on local suppliers**

| <b>Disclosure</b>  | <b>Quantity</b> | <b>Units</b> |
|--|-----------------|--------------|
| Percentage of procurement budget used for significant locations of operations that is spent on local suppliers | 80              | %            |

|  |   |
|--|---|
| <b>What are the impacts and where does it occur? What is the organization's involvement in the impact?</b> | <p>The Corporation's contractors and suppliers are carefully chosen based on their competence, capacity to meet the requirements for accreditation, historical performance, and competitiveness of their offer, among others.</p> <p>The Corporation prioritizes the sourcing of local contractors and suppliers who meet the construction standards and requirements of the project.</p> |
| <b>Which stakeholders are affected?</b>  | Suppliers, Contractors, Service Providers, Government   |
| <b>Management Approach</b>   | The Corporation aims to contribute in strengthening the local economy by sourcing local contractors and suppliers in building its projects.   |

|   |   |
|---|---|
| <b>What are the Risk/s Identified?</b>  | <p>Among the supply risks which affect project execution include:</p> <ul style="list-style-type: none"> <li>a.) supply chain disruptions attributable to natural occurrences, geopolitical events which have a material impact on availability and delivery of materials and equipment;</li> <li>b.) Increase in material costs</li> <li>c.) Shortage in manpower</li> </ul> |
| <b>Which stakeholders are affected?</b> | Suppliers, Contractors, Clients   |
| <b>Management Approach</b>              | <p>In mitigating the risks, the Corporation has invested in a new enterprise resource planning (ERP) system to improve its procurement processes.</p> <p>The Corporation also monitors the suppliers and contractors' performance based on their ability and consistency to provide quality goods and materials at a competitive price.</p>                                   |

|   |   |
|---|---|
| <b>What are the Opportunity/ies Identified?</b> | The Corporation conducts forecast planning and product research to ensure the standard and required quality of materials to be used in improving the company's procurement processes. |
| <b>Which stakeholders are affected?</b>         | Suppliers, Contractors, Clients   |
| <b>Management Approach</b>                      | The Corporation is in the process of system mitigation to transfer the data from old ERP to new one.  |

## **Anti-corruption**

### **Training on Anti-corruption Policies and Procedures**

| <b>Disclosure</b>  | <b>Quantity</b> | <b>Units</b> |
|--|-----------------|--------------|
| Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to         | 100             | %            |
| Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to | 100             | %            |
| Percentage of directors and management that have received anti-corruption training   | 60              | %            |
| Percentage of employees that have received anti-corruption training  | 0               | %            |

|  |   |
|--|---|
| <b>What are the impacts and where does it occur? What is the organization's involvement in the impact?</b> | The Corporation believes that corruption is a heavy barrier in the company's pursuit of delivering quality services and products to flow from and to its key stakeholders, such as its employees, suppliers, contractors, investors, and the government.  |
| <b>Which stakeholders are affected?</b>  | Suppliers, Customers, Contractors, Employees, Community, Government   |
| <b>Management Approach</b>   | The Company and its management do not tolerate any act of dishonest, unethical or unprofessional behavior and actions of each employee and officer regardless of his/her level of authority. Consequently, the Corporation's policy against corruption is implemented through specific prohibition statements incorporated in the Company's code of conduct and in all relevant contracts for procurement of materials. |

|   |   |
|---|---|
| <b>What are the Risk/s Identified?</b>  | Stakeholders might be tempted to violate the established rules or provisions by the Corporation concerning Anti-corruption policy.          |
| <b>Which stakeholders are affected?</b> | Suppliers, Customers, Contractors, Employees, Community, Government   |
| <b>Management Approach</b>              | The Human Resource Department will constantly remind all the employees to strictly adhere to the anti-corruption policy of the Corporation. |

|   |   |
|---|---|
| <b>What are the Opportunity/ies Identified?</b> | It is an opportunity for the Company to strengthen and enhance its goal and objective to create value for our stakeholders through proper business conduct.           |
| <b>Which stakeholders are affected?</b>         | Suppliers, Customers, Contractors, Employees, Community, Government   |
| <b>Management Approach</b>                      | The Company aims to develop an effective anti-corruption framework including sourcing appropriate training programs to be deployed to all the officers and employees. |

### Incidents of Corruption

| <b>Disclosure</b>  | <b>Quantity</b> | <b>Units</b> |
|--|-----------------|--------------|
| Number of incidents in which directors were removed or disciplined for corruption                        | 0               | #            |
| Number of incidents in which employees were dismissed or disciplined for corruption                      | 0               | #            |
| Number of incidents when contracts with business partners were terminated due to incidents of corruption | 0               | #            |

|  |  |
|--|--|
| <b>What are the impacts and where does it occur? What is the organization's involvement in the impact?</b> | The Corporation believes that corruption is a heavy barrier in the company's pursuit of delivering quality services and products to flow from and to its key stakeholders, such as its employees, suppliers, contractors, investors, and the government. |
| <b>Which stakeholders are affected?</b>  | Suppliers, Customers, Contractors, Employees, Community, Government  |

|                            |   |
|----------------------------|---|
| <b>Management Approach</b> | The Company and its management will not tolerate any act of dishonest, unethical or unprofessional behavior and actions of each employee and officer regardless of his/her level of authority. Consequently, the Corporation's policy against corruption is implemented through specific prohibition statements incorporated in the Company's code of conduct and in all relevant contracts for procurement of materials. |
|----------------------------|---|

|   |   |
|---|---|
| <b>What are the Risk/s Identified?</b>  | Stakeholders may be tempted to violate the established rules or provisions by the Corporation concerning Anti-corruption policy.            |
| <b>Which stakeholders are affected?</b> | Suppliers, Customers, Contractors, Employees  |
| <b>Management Approach</b>              | The Human Resource Department will constantly remind all the employees to strictly adhere to the anti-corruption policy of the Corporation. |

|   |   |
|---|---|
| <b>What are the Opportunity/ies Identified?</b> | It is an opportunity for the Company to strengthen and enhance its goal and objective to create value for our stakeholders through proper business conduct.           |
| <b>Which stakeholders are affected?</b>         | Suppliers, Customers, Contractors, Employees, Community, Government.  |
| <b>Management Approach</b>                      | The Company aims to develop an effective anti-corruption framework including sourcing appropriate training programs to be deployed to all the officers and employees. |

## ENVIRONMENT

### Resource Management

Energy consumption within the organization:

| Disclosure                             | Quantity | Units |
|--|----------|-------|
| Energy consumption (renewable sources) | N/A      | GJ    |
| Energy consumption (gasoline)          | 861      | GJ    |
| Energy consumption (LPG)               | N/A      | GJ    |
| Energy consumption (diesel)            | 5,745    | GJ    |
| Energy consumption (electricity)       | 345,597  | kWh   |

Reduction of energy consumption:

| Disclosure                     | Quantity | Units |
|--------------------------------|----------|-------|
| Energy reduction (gasoline)    | N/A      | GJ    |
| Energy reduction (LPG)         | N/A      | GJ    |
| Energy reduction (diesel)      | N/A      | GJ    |
| Energy reduction (electricity) | N/A      | kWh   |

|  |   |
|--|---|
| <b>What are the impacts and where does it occur? What is the organization's involvement in the impact?</b> | Energy consumption comes in different sources, appliances and equipment utilized in the project sites, warehousing of raw materials, and in the head office for the admin-based employees of the Corporation. |
| <b>Which stakeholders are affected?</b>  | Customers, Employees, Community, Government   |
| <b>Management Approach</b>   | The Corporation promotes responsible energy consumption and electric reduction methods.   |

|   |   |
|---|---|
| <b>What are the Risk/s Identified?</b>  | <ul style="list-style-type: none"> <li>• Power interruptions – may it be in a short or long time. This may cause delays at work and low productivity among employees. A series of power interruptions may also damage unsaved files. It can also harm appliances and equipment due to the sudden inflow of electricity.</li> <li>• Energy efficiency risk – There may be unutilized energy because of undetected line to ground faults of some electrical equipment; Usage of old or high consuming lighting bulbs or equipment's instead of newer or energy-efficient ones.</li> </ul> |
| <b>Which stakeholders are affected?</b> | Customers, Employees, Community, Government   |
| <b>Management Approach</b>              | <p>The Company provides electrical facilities in the project sites under a contractor in order to sustain the needs of the construction.</p> <p>Additionally, the Company provides in-house electricians to consistently check wiring and they are always available to fix and resolve technical concerns.</p>  |

|   |  |
|---|--|
| <b>What are the Opportunity/ies Identified?</b> | This is an opportunity for the Company to monitor the trend of consumption based on the electric bills, the Company sets targets for the attainable production at different periods.   |
| <b>Which stakeholders are affected?</b>         | Customers, Employees, Community, Government  |
| <b>Management Approach</b>                      | The Company promotes the use of resources efficiently and effectively by producing relevant outputs at a given time but with less energy consumption. Sub-meters were placed in different locations as temporary connections in order to monitor at least the reasonable costs attributed to the construction of housing unit/s. |

#### Water consumption within the organization

| <b>Disclosure</b>         | <b>Quantity</b> | <b>Units</b> |
|---------------------------|-----------------|--------------|
| Water withdrawal          | N/A             | Cubic meters |
| Water consumption         | 10,890          | Cubic meters |
| Water recycled and reused | N/A             | Cubic meters |

|  |  |
|--|--|
| <b>What are the impacts and where does it occur? What is the organization's involvement in the impact?</b> | Water is mainly used for the operations on different project sites to build and construct housing units. Meanwhile, in the Corporation's Head Office, the Corporation incurs minimal water consumption that is already included in its monthly dues. |
| <b>Which stakeholders are affected?</b>  | Suppliers, Customers, Employees, Community   |
| <b>Management Approach</b>   | The Company implements water conservation measures to promote sustainable management of water resources.   |

|   |   |
|---|---|
| <b>What are the Risk/s Identified?</b>  | Low water pressure and lack of water supply in some areas of project sites.   |
| <b>Which stakeholders are affected?</b> | Suppliers, Customers, Employees, Community  |
| <b>Management Approach</b>              | The Company provides water facilities under a contractor and sees to it that it has stored water supply in order to sustain the needs of the construction in the project sites.<br><br>There are also plumbers and skilled workers to fix and resolve technical concerns immediately. |

|   |  |
|---|--|
| <b>What are the Opportunity/ies Identified?</b> | Opportunity to campaign and remind the homeowners in the Corporation's completed projects to conserve and save water.<br><br>Promote the use of submeters and monitor the expected overhead costs of water consumption to achieve an efficient use of resources.   |
| <b>Which stakeholders are affected?</b>         | Suppliers, Customers, Employees, Community   |
| <b>Management Approach</b>                      | The Company ensures that the monthly costs distribution reports are monitored as part of promoting conservation of water resources. Sub-meters were placed in different locations as temporary connections in order to monitor at least the reasonable costs attributed to the construction of housing unit/s. |

#### Materials used by the organization

| <b>Disclosure</b>  | <b>Quantity</b> | <b>Units</b> |
|--|-----------------|--------------|
| Materials used by weight or volume   |                 |              |
| • Renewable  | N/A             | Kg/liters    |
| • Non-renewable  | N/A             | Kg/liters    |
| Percentage of recycled input materials used to manufacture the organization's primary products and services. | 18              | %            |

|  |  |
|--|--|
| <b>What are the impacts and where does it occur? What is the organization's involvement in the impact?</b> | Considering that the Corporation is engaged in Real Estate Development, it mostly uses non-renewable materials especially in the construction of houses.   |
| <b>Which stakeholders are affected?</b>  | Customers, Employees, Community, Service Providers, Government, Contractor   |
| <b>Management Approach</b>   | The materials utilized by the Corporation are those based on the standards reviewed and approved by the technical experts and consultants, as well as the management.<br><br>Qualities of materials also conform with the specified features as presented to the customers.<br><br>The Company orders raw materials within a reasonable volume at reasonable prices. |

|   |   |
|---|---|
| <b>What are the Risk/s Identified?</b>  | Changing weather and adapting to technological transformation in the construction industry  |
| <b>Which stakeholders are affected?</b> | Customers, Employees, Community, Service Providers, Government, Contractor  |
| <b>Management Approach</b>              | The Corporation shall ensure quality control, regular testing of materials upon receipt of deliveries, and good inventory management and warehousing. |

|   |   |
|---|---|
| <b>What are the Opportunity/ies?</b>    | Recycle and reuse of input materials for other construction of facilities but it is limited to the main products of the Company.<br><br>Opportunity to make a thorough study to observe the cost benefits and the sustainability of the new systems applicable in the construction caused by the modern-day technology.<br><br>Look for alternative materials that are suitable to the housing projects considering the weather conditions on the location of the project.                  |
| <b>Which stakeholders are affected?</b> | Customers, Employees, Community, Service Providers, Contractor  |
| <b>Management Approach</b>              | The Company ensures that materials and equipment which can be reused and/or recycled are well-utilized in various projects. This is part of the cost savings and cost efficiency.<br><br>Coordination among the purchasers, warehousemen, site engineers, suppliers and contractors to ensure that there are enough materials for the construction of houses and that there will be no other interruptions that could lead to the delay of project completion except for fortuitous events. |

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

This is considered not material to the Company since we do not have operations within or adjacent to biodiversity-rich areas.

## Environmental Impact Management

### Air Emissions

#### GHG

| Disclosure                                    | Quantity | Units       |
|---|----------|-------------|
| Direct (Scope 1) GHG Emissions                | N/A      | Tonnes CO2e |
| Energy indirect (Scope 2) GHG Emissions       | N/A      | Tonnes CO2e |
| Emissions of ozone-depleting substances (ODS) | N/A      | Tonnes      |

|  |     |
|--|-----|
| <b>What are the impacts and where does it occur? What is the organization's involvement in the impact?</b> | N/A |
| <b>Which stakeholders are affected?</b>  | N/A |
| <b>Management Approach</b>   | N/A |

|   |     |
|---|-----|
| <b>What are the Risk/s Identified?</b>  | N/A |
| <b>Which stakeholders are affected?</b> | N/A |
| <b>Management Approach</b>              | N/A |

|   |     |
|---|-----|
| <b>What are the Opportunity/ies Identified?</b> | N/A |
| <b>Which stakeholders are affected?</b>         | N/A |
| <b>Management Approach</b>                      | N/A |

### Air Pollutants

| Disclosure                           | Quantity | Units |
|--------------------------------------|----------|-------|
| NO <sub>x</sub>                      | N/A      | Kg    |
| SO <sub>x</sub>                      | N/A      | Kg    |
| Persistent organic pollutants (POPs) | N/A      | Kg    |
| Volatile organic compounds (VOCs)    | N/A      | Kg    |
| Hazardous air pollutants (HAPs)      | N/A      | Kg    |
| Particulate matter (PM)              | N/A      | Kg    |

|  |     |
|--|-----|
| <b>What are the impacts and where does it occur? What is the organization's involvement in the impact?</b> | N/A |
| <b>Which stakeholders are affected?</b>  | N/A |
| <b>Management Approach</b>   | N/A |

|   |     |
|---|-----|
| <b>What are the Risk/s Identified?</b>  | N/A |
| <b>Which stakeholders are affected?</b> | N/A |
| <b>Management Approach</b>              | N/A |

|   |     |
|---|-----|
| <b>What are the Opportunity/ies Identified?</b> | N/A |
| <b>Which stakeholders are affected?</b>         | N/A |
| <b>Management Approach</b>                      | N/A |

### Solid and Hazardous Wastes

#### Solid Waste

| <b>Disclosure</b>           | <b>Quantity</b> | <b>Units</b> |
|-----------------------------|-----------------|--------------|
| Total solid waste generated | 90,000          | kg           |
| Reusable                    | 40,000          | kg           |
| Recyclable                  | 40,000          | kg           |
| Composted                   | N/A             | kg           |
| Incinerated                 | N/A             | kg           |
| Residuals/Landfilled        | 10,000          | kg           |

|  |   |
|--|---|
| <b>What are the impacts and where does it occur? What is the organization's involvement in the impact?</b> | Most of the solid waste collected by the Corporation came from its various construction project sites.  |
| <b>Which stakeholders are affected?</b>  | Employee, Community, Government   |
| <b>Management Approach</b>   | The Corporation recognizes the importance of promoting a safe and environment-friendly waste disposal methods. It directs its efforts in devising and implementing efficient waste disposal activities. |

|   |   |
|---|---|
| <b>What are the Risk/s Identified?</b>  | Improper disposal of waste could lead to waste contamination and eventually the spread of diseases. |
| <b>Which stakeholders are affected?</b> | Employee, Community, Government   |
| <b>Management Approach</b>              | The Company implements the proper waste segregation in the Head Office and in its project sites.    |

|   |   |
|---|---|
| <b>What are the Opportunity/ies Identified?</b> | This can be the opportunity of the Company to encourage employees to practice waste segregation at work and in their homes  |
| <b>Which stakeholders are affected?</b>         | Employee, Community, Government   |
| <b>Management Approach</b>                      | The Company reminds the employees regarding the proper waste segregation. In the Corporation's head office, there are separate trashcans for those wastes that are biodegradable, non-biodegradable and recyclable wastes or materials. |

#### Hazardous Waste

| <b>Disclosure</b>                           | <b>Quantity</b> | <b>Units</b> |
|---|-----------------|--------------|
| Total weight of hazardous waste generated   | N/A             | Kg           |
| Total weight of hazardous waste transported | N/A             | Kg           |

|  |     |
|--|-----|
| <b>What are the impacts and where does it occur? What is the organization's involvement in the impact?</b> | N/A |
| <b>Which stakeholders are affected?</b>  | N/A |
| <b>Management Approach</b>   | N/A |

|   |     |
|---|-----|
| <b>What are the Risk/s Identified?</b>  | N/A |
| <b>Which stakeholders are affected?</b> | N/A |
| <b>Management Approach</b>              | N/A |

|   |     |
|---|-----|
| <b>What are the Opportunity/ies Identified?</b> | N/A |
| <b>Which stakeholders are affected?</b>         | N/A |
| <b>Management Approach</b>                      | N/A |

## Effluents

| Disclosure                       | Quantity | Units        |
|----------------------------------|----------|--------------|
| Total volume of water discharges | 23,440   | Cubic meters |
| Percent of waste water recycled  | 35       | %            |

|  |     |
|--|-----|
| <b>What are the impacts and where does it occur? What is the organization's involvement in the impact?</b> | N/A |
| <b>Which stakeholders are affected?</b>  | N/A |
| <b>Management Approach</b>   | N/A |

|   |     |
|---|-----|
| <b>What are the Risk/s Identified?</b>  | N/A |
| <b>Which stakeholders are affected?</b> | N/A |
| <b>Management Approach</b>              | N/A |

|   |     |
|---|-----|
| <b>What are the Opportunity/ies Identified?</b> | N/A |
| <b>Which stakeholders are affected?</b>         | N/A |
| <b>Management Approach</b>                      | N/A |

## Environmental Compliance

### Non-compliance with Environmental Laws and Regulations

| Disclosure   | Quantity | Units |
|--|----------|-------|
| Total amount of monetary fines for non-compliance with environmental laws and/or regulations | 0        | Php   |
| No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations  | 0        | #     |
| No. of cases resolved through dispute resolution mechanism                                   | 0        | #     |

|  |  |
|--|--|
| <b>What are the impacts and where does it occur? What is the organization's involvement in the impact?</b> | The Corporation ensures that all its projects follow the requirements under all relevant laws and issuances of government regulatory agencies. |
|--|--|

|   |   |
|---|---|
| <b>Which stakeholders are affected?</b> | Employees, Community, Government  |
| <b>Management Approach</b>              | The Company ensures that all the requirements and safety measures or conditions stated in PD 1586 and secure Environment Compliance Certificate prior to the commencement of the project. |

|   |  |
|---|--|
| <b>What are the Risk/s Identified?</b>  | Non-compliance with the environmental requirements when there are changes in policy or regulation may result to the suspension, fines, penalties or cancellation of certificate of registration and/or license that will cause the delay of project development. |
| <b>Which stakeholders are affected?</b> | Employees, Community, Government   |
| <b>Management Approach</b>              | The Corporation has dedicated personnel in-charge for monitoring the environmental compliance and other relevant laws of different project sites prior the commencement of the project.  |

|   |   |
|---|---|
| <b>What are the Opportunity/ies Identified?</b> | This is an opportunity for the Company to monitor and strictly comply with the requirements and safety measures to avoid delay of permits/licenses for project development.               |
| <b>Which stakeholders are affected?</b>         | Employee, Community, Government   |
| <b>Management Approach</b>                      | The Company ensures that all the requirements and safety measures or conditions stated in PD 1586 and secure Environment Compliance Certificate prior to the commencement of the project. |

## SOCIAL

### Employee Management (Human Resources)

#### Employee Hiring and Benefits

#### Employee Data

| Disclosure   | Quantity | Units |
|--|----------|-------|
| Total number of employees                          | 151      |       |
| a. Number of female employees*                     | 74       | #     |
| b. Number of male employees*                       | 77       | #     |
| Attrition rate                                     | 6%       | rate  |
| Ratio of lowest paid employee against minimum wage | 0        | ratio |

*\*may include workers on contractual basis*

## Employee Benefits

| List of Benefits                         | Y/N | % of female employees who availed for the year (2025) | % of male employees who availed for the year (2025) |
|--|-----|---|---|
| SSS                                      | Y   | 100%  | 100%  |
| PhilHealth                               | Y   | 100%  | 100%  |
| Pag-ibig                                 | Y   | 100%  | 100%  |
| Parental leaves                          | N   |   |   |
| Vacation leaves                          | Y   | 100%  | 100%  |
| Sick leaves                              | Y   | 100%  | 100%  |
| Medical benefits (aside from PhilHealth) | Y   | 100%  |   |
| Housing assistance (aside from Pag-ibig) | N   |   |   |
| Retirement fund (aside from SSS)         | -   |   |   |
| Further education support                | -   |   |   |
| Company stock options                    | N   |   |   |
| Telecommuting                            | -   |   |   |
| Flexible-working Hours                   | -   |   |   |
| (Others)                                 | -   |   |   |

|  |   |
|--|---|
| <b>What is the impact and where does it occur?<br/>What is the organization's involvement in the impact?</b> | The Corporation strictly complies and provides all employee benefits mandated under the Labor Code and by other regulatory agencies. The Corporation believes that giving employees quality benefits will have a great factor in employee retention, recruitment, development in the company. |
| <b>Management Approach</b>   | The Corporation shall continue to provide quality benefits package to its employees and enhance its investment in human capital since it believes that a healthy and well-motivated working environment will lead to good performance of the company.   |

|                                       |   |
|---------------------------------------|---|
| <b>What are the Risks Identified?</b> | The growing number of opportunities and the competitiveness of the employee benefits offered by other real estate companies might be a risk in the Corporation's employee retention.              |
| <b>Management Approach</b>            | The Corporation will continue to exert its best efforts to increase the company profit in order to sustain and improve the employee benefits and packages it is currently granting its employees. |

|   |  |
|---|--|
| <b>What are the Opportunities Identified?</b> | The Corporation will be focused on improving existing employee compensation package which can attract more qualified talents and sustain employee retention.   |
| <b>Management Approach</b>                    | The Management has retained a third-party service provider who continuously guide the Corporation in crafting the compensation and benefits structure of the company aligned and relevant to the industry. |

## Employee Training and Development

| Disclosure                                   | Quantity | Units          |
|--|----------|----------------|
| Total training hours provided to employees   |          |                |
| a. Female employees                          | 8        | hours          |
| b. Male employees                            | 8        | hours          |
| Average training hours provided to employees |          |                |
| a. Female employees                          | 8        | hours/employee |
| b. Male employees                            | 8        | hours/employee |

|  |   |
|--|---|
| <b>What is the impact and where does it occur?</b><br><b>What is the organization's involvement in the impact?</b> | Each employee plays a significant role in the sustainability of the business. The quality of products and services provided by the Company has something to do with the learning development and growth of an employee. |
| <b>Management Approach</b>   | The Management provides learning and career development opportunities for all of its employees. All employees are given equal opportunity to enhance their skills and develop their capabilities to be more productive. |

|                                       |  |
|---------------------------------------|--|
| <b>What are the Risks Identified?</b> | The Corporation is aware that constant employee training is necessary to keep the growth of the company and the personal career of its employees. Regular skill development is important in order not to be outgrown in the industry.    |
| <b>Management Approach</b>            | The Corporation aims to build a training policy for its organization, where training needs analysis in crucial areas of its operations will be conducted to identify the proper training program fit for the actual need of the company. |

|   |   |
|---|---|
| <b>What are the Opportunities Identified?</b> | <ul style="list-style-type: none"> <li>• Create or improve the plans or programs for the employees that would boost their confidence and morale.</li> <li>• Provide effective learning tools to equip employees and to work efficiently and effectively.</li> </ul> |
| <b>Management Approach</b>                    | The management has its own HR consultants who review and assess the trainings and seminars needed and relevant for the job description of the employee  |

## Labor-Management Relations

| Disclosure  | Quantity | Units |
|---|----------|-------|
| % of employees covered with Collective Bargaining Agreements                          | N/A      | %     |
| Number of consultations conducted with employees concerning employee-related policies | 6        | #     |

|  |  |
|--|--|
| <b>What is the impact and where does it occur?</b><br><b>What is the organization's involvement in the impact?</b> | Good company management will result in a harmonious relationship with its employees. The more employees feel that they belong to the Company's future plans, the more employees will do their best to get things done on time. |
| <b>Management Approach</b>   | The Company recognizes its employees as their assets, the Company values the years of service of its employees and gives them rewards and recognition to make them feel valued and appreciated.                                |

|                                       |   |
|---------------------------------------|---|
| <b>What are the Risks Identified?</b> | <ul style="list-style-type: none"> <li>• Dishonest, unprofessional or unethical behavior and actions of its employees.</li> <li>• Unfair labor practices could lead to labor cases and may affect the Company's standing and credibility.</li> <li>• Reputational Risk - The Company's reputation will be tainted, it can affect its good standing and might leave a bad impression from the investors.</li> </ul>  |
| <b>Management Approach</b>            | <ul style="list-style-type: none"> <li>• The Company and its management do not tolerate any act of dishonest, unethical or unprofessional behavior and actions of each employee and officer regardless of his/her level of authority.</li> <li>• The Company ensures compliance in all government-mandated labor practices. Management gives learning opportunities to employees in-charge of the labor relations and engages the services of labor lawyers for guidance and assistance on the legal matters involving employees.</li> <li>• Company in-charge on labor relations must be equipped with the proper trainings to keep abreast with the latest advisories and rulings of the Department of Labor and Employment and other regulatory agencies.</li> </ul> |

|   |   |
|---|---|
| <b>What are the Opportunities Identified?</b> | This is an opportunity to create more policies and programs which will foster industrial peace and more efficient information dissemination to its employees.   |
| <b>Management Approach</b>                    | <ul style="list-style-type: none"> <li>• The management encourage the employees to raise their concerns to their respective supervisors/ managers and department heads.</li> <li>• The management ensures the confidentiality of all the concerns and complaints that might be raised to them.</li> </ul> |

### **Diversity and Equal Opportunity**

| <b>Disclosure</b>   | <b>Quantity</b> | <b>Units</b> |
|---|-----------------|--------------|
| % of female workers in the workforce                                      | 49              | %            |
| % of male workers in the workforce  | 51              | %            |
| Number of employees from indigenous communities and/or vulnerable search* | 0               | #            |

*\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

|  |  |
|--|--|
| <b>What is the impact and where does it occur?<br/>What is the organization's involvement in the impact?</b> | The Company does not maintain any gender or age group preferences towards hiring its employees since it is more concerned with the applicant's competency, experience, suitability and qualification to the positions applied for. |
| <b>Management Approach</b>   | The Company gives equal opportunity to all its employees. The Company promotes diverse and inclusive workplace and does not tolerate discrimination based on gender, color, ethnicity, or political and religious beliefs.         |

|                                       |   |
|---------------------------------------|---|
| <b>What are the Risks Identified?</b> | Not considered material topic as of writing based on the existing employees' profile. |
|---------------------------------------|---|

|                            |   |
|----------------------------|---|
| <b>Management Approach</b> | The Human Resource Department keeps an open communication with the employees to listen to their concerns or complaints so they can be properly addressed. |
|----------------------------|---|

|   |   |
|---|---|
| <b>What are the Opportunities Identified?</b> | Not considered a material topic as of writing based on the existing employees' profile. |
|---|---|

|                            |  |
|----------------------------|--|
| <b>Management Approach</b> | The Human Resource Department keeps open communication with the employees to listen to their concerns or complaints so they can be properly addressed. |
|----------------------------|--|

## **Workplace Conditions, Labor Standards, and Human Rights**

### Occupational Health and Safety

| <b>Disclosure</b>              | <b>Quantity</b> | <b>Units</b> |
|--------------------------------|-----------------|--------------|
| Safe Man-Hours                 | 1,853,469       | Man-hours    |
| No. of work-related injuries   | 0               | #            |
| No. of work-related fatalities | 0               | #            |
| No. of work-related ill-health | 0               | #            |
| No. of safety drills           | 3               | #            |

|  |  |
|--|--|
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b> | The Company recognizes that the quality of services, consistency of production and employees' morale are enhanced with a safe and healthy work environment.              |
| <b>Management Approach</b>   | The management requires all employees to observe the proper decorum and safety rules at all times and at all premises of the Company to avoid accidents and other risks. |

|                                       |   |
|---------------------------------------|---|
| <b>What are the Risks Identified?</b> | <p>Health and Safety Risk</p> <ul style="list-style-type: none"> <li>Tools and equipment not properly stored or used might cause accidents or injuries to the workers.</li> <li>Fortuitous events that are associated with fire or due to the weather condition or natural calamity that may affect the workplace and employees.</li> </ul>   |
| <b>Management Approach</b>            | <p>The Company ensures that as a minimum requirement, the equipment consists of a hard hat, and safety shoes for those who are working on site, however additional safety equipment is also provided for specific tasks. The Company shall likewise ensure that the person who will handle and use the tools and equipment on site are knowledgeable.</p> <p>Also, during the Covid-19 pandemic, aside from the Health and Safety Protocols released by the management, the Company provides and offers staff house for the employees who are willing to stay and work at the staff house, aside from that, the Company allows work from home set up for the head office employees.</p> <p>For the Construction workers, the Company lets them stay inside the project site and once they leave the project site to go home, they are required to have negative swab test result before entering again the facility to protect the health of other workers.</p> |

|  |  |
|--|--|
|  | The Employees are required to have their annual physical exam and check up to monitor their health condition that are charged against the HMO provided by the Company. |
|--|--|

|   |  |
|---|--|
| <b>What are the Opportunities Identified?</b> | Opportunity for the Company to train its employees to be ready and alert at all times on how to address certain emergencies and use appropriate gears and first aid equipment.                                     |
| <b>Management Approach</b>                    | The Company ensures that it has first aid kit in the head office and all of its project sites. Also, the Company encourages everyone to attend seminars or training on how to give first aid to an injured person. |

### Labor Laws and Human Rights

| <b>Disclosure</b>   | <b>Quantity</b> | <b>Units</b> |
|---|-----------------|--------------|
| No. of legal actions or employee grievances involving forced or child labor | 0               | #            |

Do you have policies that explicitly disallows violations of labor laws and human rights (i.e.,harassment, bullying) in the workplace?

The Company has an existing Employees Manual and Code of Ethics which outlines the organization's mission, policies, procedures, and expectations for employees, clarifying their rights and responsibilities, including the prohibition on labor law and human rights violations.

| <b>Topic</b> | <b>Y/N</b> | <b>If Yes, cite reference in the company policy</b>  |
|--------------|------------|--|
| Forced labor | N          |  |
| Child labor  | Y          | The Company's minimum hiring age follows the mandatory requirement as provided by law which is at least 18 years old and does not use child labor.   |
| Human rights | Y          | <p>The Company believes that the conduct of its employees should always reflect the ideals of service, courtesy, fairness and prudence. The Company requires everyone to act in manner that develops trust, fairness and efficiency in all dealings.</p> <p>The Company is committed to uphold the human rights of employees and to treat them with dignity and respect.</p> <p>The Management is committed to a workforce that is free from harassment and unlawful discrimination. The Company is a non-discriminatory employer and does not discriminate on the basis of race, color, age, gender, sexual orientation, ethnicity, disability.</p> <p>The Company does not practice harsh and inhumane treatment, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of employees nor does it tolerate threat of any such treatment.</p> <p>The Company and its management do not tolerate any acts of dishonest, unethical or unprofessional behavior and actions of each employees and officers regardless of his/her level of authority.</p> |

|                               |   |
|-------------------------------|---|
| <b>What is the impact and</b> | To achieve the highest level of competence and quality of work and product, |
|-------------------------------|---|

|   |  |
|---|--|
| <b>where does it occur?<br/>What is the organization's involvement in the impact?</b> | compliance with the labor laws and regulations is important.   |
| <b>Management Approach</b>  | The Company ensures the welfare and benefits of its workers and employees by providing a conducive work environment free from harassment and any form of discrimination. The Corporation likewise ensure compliance with all the employee benefits mandated under the Labor Code and by other regulatory agencies. |

|                                       |   |
|---------------------------------------|---|
| <b>What are the Risks Identified?</b> | No identified material risk as of the period, there is no occurrence of any child labor or forced labor in the Company.                                     |
| <b>Management Approach</b>            | The Human Resource Department conducts annual review of the Company's Code of Conduct and Employees Manual to constantly appraised and update its policies. |

|   |   |
|---|---|
| <b>What are the Opportunities Identified?</b> | This is an opportunity for the Company to enhance and strengthen the Company policies towards the healthy workplace environment.  |
| <b>Management Approach</b>                    | All employees have a direct access to the Human Resource Department to raise any relevant concerns, issues and suggestion that will result to the healthy work place environment. |

### **Supply Chain Management**

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

The Company do not have an explicit policy on supplier accreditation. Nonetheless, the Company issues vendor accreditation form and ensures that each of its suppliers assess their own labor and environmental impacts and quality of the goods delivered.

Do you consider the following sustainability topics when accrediting suppliers?

| <b>Topic</b>              | <b>Y/N</b> | <b>If Yes, cite reference in the supplier policy</b>   |
|---------------------------|------------|--|
| Environmental performance | Y          | The Company issues a vendor accreditation form and ensures that each supplier is evaluated based on their labor practices, environmental compliance, and the quality of goods delivered. |
| Forced labor              | N          |  |
| Child labor               | N          |  |
| Human rights              | N          |  |
| Bribery and corruption    | Y          |  |

|  |   |
|--|---|
| <b>What is the impact and where does it occur?<br/>What is the organization's involvement in the impact?</b> | An effective and efficient supply chain is one that meets or exceeds the actual demands of the Company. This is also to assure the quality of raw materials and to maintain the quality of constructed units. |
| <b>Management Approach</b>   | The Company has yet to establish a formal supplier or vendor accreditation policy although the Company issues vendor accreditation forms together with the list of minimum requirements to set the standard.  |

|                                       |   |
|---------------------------------------|---|
| <b>What are the Risks Identified?</b> | Insufficient supply or non-deliveries of products due to failure by the suppliers to perform their commitments that could affect the Company's business operation<br><br>Coordination among the purchasers, warehousemen, site engineers, suppliers and contractors |
| <b>Management Approach</b>            | The Company keeps and maintains good relationships with its suppliers.  |

|   |  |
|---|--|
| <b>What are the Opportunities Identified?</b> | Improve the Corporation's business relationship with its supplier and maintain good credit standing.   |
| <b>Management Approach</b>                    | The Company is currently in the transition phase to transfer the data from our old ERP system into the new one. This aims to improve our business processes and operation and become more efficient and effective in dealing with our suppliers. |

### **Relationship with Community**

#### **Significant Impacts on Local Communities**

| <b>Operations With Significant (Positive Or Negative) Impacts On Local Communities</b> | <b>Location</b>          | <b>Vulnerable groups (if applicable)*</b>          | <b>Does the particular operation have impacts on indigenous people (Y/N)?</b> | <b>Collective or individual rights that have been identified that or particular concern for the community</b> | <b>Mitigating measures (if negative) or enhancement measures (if possible)</b> |
|--|--------------------------|--|---|---|--|
| East View Homes 3  | San Roque, Antipolo City | Community Government<br>• Employees<br>• Suppliers | N   | Economic or Social Housing Activity   | Economic or Social Housing Activity  |
| Eastview Homes-Premiere  | San Roque, Antipolo City | Community Government<br>• Employees<br>• Suppliers | N   | Economic or Social Housing Activity   | Economic or Social Housing Activity  |
| Southview Homes- Sta Rosa  | Sta Rosa, Laguna         | Community Government<br>• Employees<br>• Suppliers | N   | Economic or Social Housing Activity   | Economic or Social Housing Activity  |
| Southview Homes-Calendola  | San Pedro, Laguna        | Community Government<br>• Employees<br>• Suppliers | N   | Economic or Social Housing Activity   | Economic or Social Housing Activity  |
| The Granary  | Biñan, Laguna            | Community Government<br>• Employees<br>• Suppliers | N   | Economic or Social Housing Activity   | Economic or Social Housing Activity  |

|            |                    |  |   |                                     |                                     |
|------------|--------------------|--|---|-------------------------------------|-------------------------------------|
| Celestis 1 | San Luis, Antipolo | Community Government<br>• Employees<br>• Suppliers | N | Economic or Social Housing Activity | Economic or Social Housing Activity |
| Celestis 2 | San Luis, Antipolo | Community Government<br>• Employees<br>• Suppliers | N | Economic or Social Housing Activity | Economic or Social Housing Activity |

*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

Disclosure on Free and Prior Informed Consent (FPIC) is not material given that there are no operations that is within or adjacent to ancestral domains of indigenous peoples.

|   |   |
|---|---|
| <b>What are the Opportunities Identified?</b> | <ul style="list-style-type: none"> <li>• The Company will have an opportunity to enhance and implement our Corporate Social Responsibility in the community where our projects are located.</li> <li>• Opportunity to improve the public image of the Company or Employer branding.</li> <li>• Opportunity to increase customer loyalty and retention, increase employee engagement/ involvement and increase investment opportunities.</li> <li>• Opportunity to support local communities and promote Company interactions within the community.</li> </ul> |
| <b>Management Approach</b>                    | The Company conducts Feeding Program & Tree Planting Activities in coordination with the Local Government Unit & CENRO.   |

## **Customer Management**

### **Customer Satisfaction**

| <b>Disclosure</b>     | <b>Score</b>  | <b>Did a third party conduct the customer satisfaction study (Y/N)?</b>  |
|-----------------------|---|--|
| Customer satisfaction | Based on the customer satisfaction survey undertaken by the Corporation, customer satisfaction score is at 90%. | NO. The Company did not commission a Third-party customer satisfaction study or survey yet, but the same is included in the Company's pipeline, to be implemented when internal systems are in place such as ticketing system, etc.<br><br>At present, the feedback based on emails and phone calls received are helpful in measuring customer service satisfaction. |

## Health and Safety

| Disclosure  | Quantity | Units |
|---|----------|-------|
| No. of substantiated complaints on product or service healthy and safety* | 1        | #     |
| No. of complaints addressed   | 1        | #     |

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

|  |  |
|--|--|
| <b>What is the impact and where does it occur?<br/>What is the organization's involvement in the impact?</b> | The Company values health and safety enough to ensure structural stability and strict compliance with all relevant safety standards.   |
| <b>Management Approach</b>   | The Company shall ensure compliance with the safety standards in residential construction to protect lives, ensure accountability, and minimize accidents in the residential projects. |

|                                       |  |
|---------------------------------------|--|
| <b>What are the Risks Identified?</b> | No related material risk identified.   |
| <b>Management Approach</b>            | The Company avoids using harmful materials that would harm the health and safety of its customers.<br><br>The Company ensures that the quality of materials used for the construction of each housing units are based on construction standards and the Company strictly prohibits the use of any substandard materials. |

|   |  |
|---|--|
| <b>What are the Opportunities Identified?</b> | Opportunity to provide low-cost yet quality and sustainable homes to Filipino families |
| <b>Management Approach</b>                    | The Company endeavors to maintain good after sales relationship with the buyers.       |

## Marketing and Labelling

| Disclosure  | Quantity | Units |
|---|----------|-------|
| No. of substantiated complaints on marketing and labelling* | 0        | #     |
| No. of complaints addressed                                 | 0        | #     |

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

|  |   |
|--|---|
| <b>What is the impact and where does it occur?<br/>What is the organization's involvement in the impact?</b> | Marketing and labelling create a significant impact for the company. A good marketing and labelling strategy could help the company to be known by its target customers/ clients.<br><br>To date, no complaints have been recorded as to the marketing and labelling of the Company's projects. |
|--|---|

|                            |  |
|----------------------------|--|
| <b>Management Approach</b> | <p>The Company does not tolerate any dishonest, fake and misleading information that may create confusion and wrong impressions to the buyers.</p> <p>Prior to the release or publication of any marketing material, the Company ensures that all licenses and permits are complete.</p> |
|----------------------------|--|

|                                       |   |
|---------------------------------------|---|
| <b>What are the Risks Identified?</b> | Compliance and Regulatory Risk – If the Company does not abide by the rules and guidelines, the Company may be sanctioned which may affect the sales of its projects. |
|---------------------------------------|---|

|                            |  |
|----------------------------|--|
| <b>Management Approach</b> | <p>The Company does not tolerate any dishonest, fake and misleading information that may create confusion and wrong impressions to the buyers.</p> <p>Prior to the release of the materials, the Company ensures that all licenses and permits are completed and to strictly follow proper requirements before publishing any materials.</p> |
|----------------------------|--|

|   |  |
|---|--|
| <b>What are the Opportunities Identified?</b> | It is an opportunity for the Company to be able to create its own brand identity which differentiates itself from the other competitors. |
|---|--|

|                            |   |
|----------------------------|---|
| <b>Management Approach</b> | The Company is doing its best to provide quality homes to its buyers live up to its tagline, Haus Talk: “Where your stories begin”. |
|----------------------------|---|

## **Customer Privacy**

| <b>Disclosure</b>  | <b>Quantity</b> | <b>Units</b> |
|--|-----------------|--------------|
| No. of substantiated complaints on customer privacy*   | 0               | #            |
| No. of complaints addressed  | 0               | #            |
| No. of customers, users and account holders whose information is used for secondary purposes | 0               | #            |

\*Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as wells as complaints that were lodged to and acted upon by government agencies.

|  |  |
|--|--|
| <b>What is the impact and where does it occur? What is the organization’s involvement in the impact?</b> | <p>The Company is engaged in various activities such as real estate and housing development and thriving in the trust and confidence of its clients, as part of the process, we collect the personal data or information of our clients.</p> <p>As of writing, there have been no reports or incidents regarding the matter.</p> |
|--|--|

|                            |  |
|----------------------------|--|
| <b>Management Approach</b> | <p>Certainly, image plays a very crucial role in securing and keeping the trust of the client. Therefore, the Company requires each employee to act in a manner that fosters trust, fairness and efficiency in all dealings.</p> <p>The Company’s guiding principle in transacting with customers is that all – <i>Customers are treated with utmost confidentiality regardless of the kind of transaction.</i> Those who will disregard this principle of confidentiality will be sanctioned accordingly.</p> |
|----------------------------|--|

|                                       |  |
|---------------------------------------|--|
| <b>What are the Risks Identified?</b> | Risk of data leak  |
| <b>Management Approach</b>            | The management is strict in following the Data Privacy Act in order to protect all forms of personal and private information provided by the customer. |

|   |   |
|---|---|
| <b>What are the Opportunities Identified?</b> | In ensuring customers' data privacy, the Company is able to maintain its reliability and trustworthiness.           |
| <b>Management Approach</b>                    | The management ensures compliance with the Data Privacy Act in collecting and processing the data of its customers. |

### Data Security

| <b>Disclosure</b>  | <b>Quantity</b> | <b>Units</b> |
|--|-----------------|--------------|
| No. of data breaches, including leaks, thefts and losses of data | 0               | #            |

|  |  |
|--|--|
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b> | As part of the business process of the Corporation, it collects the personal data or information of its clients.<br><br>As of writing, there are no reports or incidents regarding the matter as the Corporation ensures compliance with the existing Data Privacy laws and all relevant issuances of the National Privacy Commission. |
| <b>Management Approach</b>   | The Company has approved its Privacy Policy that strictly adheres to Republic Act No. 10173 or the Data Privacy Act of 2012, its IRR, regulations and issuances of the National Privacy Commission, and other relevant agencies.   |

|                                       |  |
|---------------------------------------|--|
| <b>What are the Risks Identified?</b> | Potential Risks: <ul style="list-style-type: none"> <li>• Data Loss / Leak</li> <li>• System downtime</li> <li>• Financial or legal consequences</li> </ul>  |
| <b>Management Approach</b>            | As a preventive action, the Company will: <ul style="list-style-type: none"> <li>• Conduct Annual Vulnerability Assessment or Testing on the servers</li> <li>• Strengthen endpoint security systems (e.g. Firewalls, Anti-virus, etc.)</li> <li>• Implement Role Access Control on new systems (e.g. ERP, Real Estate, PM, etc.)</li> </ul> |

|   |  |
|---|--|
| <b>What are the Opportunities Identified?</b> | <ul style="list-style-type: none"> <li>• Opportunity to improve the brand value of the Company.</li> <li>• Opportunity to increase customer loyalty and retention.</li> <li>• Gains the trust and confidence of the clients and other stakeholders.</li> </ul> |
| <b>Management Approach</b>                    | The Company ensures that its Privacy Policy is strictly followed and implemented in all aspects of dealings with its customers.  |

## UN SUSTAINABLE DEVELOPMENT GOALS

### Product Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

| <b>Key Products and Services</b>            | <b>Societal Value / Contribution to UN SDGs</b> | <b>Potential Negative Impact of Contribution</b> | <b>Management Approach to Negative Impact</b>  |
|---|---|--|--|
| <b>Real Estate / Residential Properties</b> | SDG 11 – Sustainable Cities and Communities     | Economic and Environmental Risk                  | There are a lot of factors that the management needs to consider in developing a property such as Economic and Environmental Risk. |

|  |  |  |   |
|--|--|--|---|
|  | <p>Residence is one of the basic needs of a human being. As the population increases, the demand for residential properties also rise. The Company is contributing to one of the government's priority plan, by providing quality homes for every Filipino family in an affordable yet competitive price in the market.</p> <p>SDG 8 – Decent Work and Economic Growth</p> <p>This likewise contributes to a sustainable economic growth of real estate industry in the country.</p> |  | <p>In managing the risk, the management conducts a thorough or deep study or analysis before starting the project, where among of the considerations include: project location, neighborhood opposition, the local government covering the project, permits approval and specially the budget or the cost it may encounter during the development of the project.</p> <p>To minimize or mitigate the environmental risk, the Company ensures compliance with the environment laws and regulations. Also, the Company and its employees actively participate in various environmental activities, one of which is tree planting.</p> |
|--|--|--|---|

***None/Not Applicable is not an acceptable answer.***

*For holding companies, the services and ~~parts~~ of its subsidiaries may be disclosed.*



# HausTalk, Inc.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

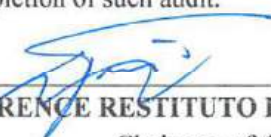
The management of HAUS TALK, INC. AND ITS SUBSIDIARIES (Formerly: Haus Talk Project Managers, Inc. and its Subsidiary) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2025 and 2024**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

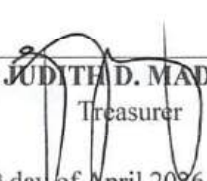
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Valdes, Abad and Company, CPAs, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
TERENCE RESTITUTO D. MADLAMBAYAN  
Chairman of the Board

  
MARIA RACHEL D. MADLAMBAYAN  
President

  
GLORIA JUDITH D. MADLAMBAYAN  
Treasurer

  
MARIA AGNES M. SIAPNO  
Chief Finance Officer

Signed this 24<sup>th</sup> day of April 2026

SUBSCRIBED AND SWORN to before me this 30 APR 2026, at MANDALUYONG CITY, affiants exhibited to me their respective competent evidence of identification, as follows:

| Name                             | ID No.       | Issuing Authority      |
|----------------------------------|--------------|------------------------|
| Maria Rachel D. Madlambayan      | 33-3417220-3 | Social Security System |
| Terence Restituto D. Madlambayan | 33-7101879-6 | Social Security System |
| Gloria Judith D. Madlambayan     | 33-3417222-9 | Social Security System |
| Maria Agnes M. Siapno            | 33-3417219-3 | Social Security System |

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc No. 47  
Page No. 11  
Book No. 1  
Series of 1016

  
SO MARIANO L. SIAPNO - LIM  
NOTARY PUBLIC  
UNTIL 14 APRIL 2026  
Attorney No. 48433  
IRP Lifetime No. 046529; RSM  
PTR No. 0038140; Mandaluyong City  
MCLE Compliance No. 1054-1055 valid until 14 April 2028  
Notarial Commission Appointment No. 0254-25  
17th-floor Skyline Towers Condominium  
Brgy. Highway Axis, Mandaluyong City

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders  
**HAUS TALK, INC. AND ITS SUBSIDIARIES**  
*(Formerly Haus Talk Project Managers, Inc. and Its Subsidiary)*  
Unit 701 Orient Square Building, Emerald Avenue  
Ortigas Center, Pasig City

### Opinion

We have audited the consolidated financial statements of **HAUS TALK, INC. AND ITS SUBSIDIARIES** *(Formerly Haus Talk Project Managers, Inc. and Its Subsidiary)* (the "Group") which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, consolidated statement of changes in equity, and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2025 and 2024 and of its consolidated financial performances and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance Philippine Financial Reporting Standards (PFRS).

### Basis for Opinion

We conducted our audits in accordance with the Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines (Philippine Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

As discussed in Note 36 to the Notes to the Consolidated Financial Statements, the consolidated audited financial statements for the years ended December 31, 2024 and 2023 have been re-issued to reflect adjustments identified after the original issuance. These adjustments affect the previously reported profit or loss and certain reclassifications in the statements of financial position and cash flows under investing and financing activities. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the consolidated financial statement of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly,

our audit included the performance of procedure designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our opinion on the accompanying consolidated financial statements.

#### *Real Estate Inventories*

Real estate inventories are significant to the Group's financial statements and primarily consist of real estate subdivision projects under development and completed units held for sale. The determination of net realizable value (NRV) involves significant management judgment, particularly in estimating future selling prices, development costs to complete, and project timelines, which may be affected by market conditions and economic factors.

We evaluated management's NRV assessment, tested the accuracy and completeness of construction costs, and assessed the reasonableness of key assumptions such as selling prices and estimated costs to complete. We also inspected project status reports and performed site visits for selected developments. Based on our procedures, we considered management's valuation of real estate inventories and related disclosures to be appropriate in accordance with PFRS.

#### *Audit Response*

We obtained an understanding of the Group's process for costing and valuation of real estate inventories and evaluated the design and implementation of relevant controls over project costing, budget monitoring, and net realizable value (NRV) assessment.

We tested the accuracy and completeness of construction costs capitalized to inventories by agreeing a sample of costs to supporting documents such as supplier invoices, progress billings, and contracts. We assessed the reasonableness of management's NRV calculations by evaluating key assumptions, including estimated selling prices, development costs to complete, and stage of completion, against historical trends, approved budgets, and available market data.

We also performed site visits to selected projects to assess physical progress and corroborate management's project status reports. In addition, we reviewed management's identification of indicators of impairment and evaluated whether any write-downs to NRV were required.

Based on the procedures performed, we found management's valuation of real estate inventories and related estimates to be reasonable and in accordance with PFRS.

#### *Loans and Borrowings*

Loans and borrowings are significant to the Group's financial statements and include bank loans and other interest-bearing liabilities used to fund property development activities. The classification, measurement, and compliance with loan covenants involve significant management judgment, particularly in determining current versus non-current presentation, capitalized borrowing costs, and assessment of covenant compliance.

This matter is considered a Key Audit Matter due to the magnitude of the balances, the complexity of loan agreements, and the impact of borrowing arrangements on liquidity, financial position, and compliance with financing covenants.

We obtained and reviewed loan agreements and confirmed outstanding balances with lenders. We tested the classification of loans between current and non-current portions and assessed compliance with relevant covenants based on available financial information. We also evaluated the capitalization of borrowing costs in accordance with PAS 23 and recalculated interest expense and capitalized amounts on a sample basis. In addition, we reviewed disclosures related to loans and borrowings for compliance with PFRS requirements.

Based on our procedures, we considered management's accounting for loans and borrowings and related disclosures to be appropriate in accordance with PFRS.

*Audit Response*

We obtained an understanding of the Group's borrowing arrangements and evaluated the design and implementation of controls over loan recording, interest computation, covenant monitoring, and classification between current and non-current liabilities.

We obtained direct confirmations from lenders for a sample of loans and agreed confirmed balances to the accounting records. We inspected loan agreements to identify key terms and tested the accuracy of interest expense calculations and the capitalization of borrowing costs in accordance with PAS 23. We also assessed management's classification of loans based on contractual repayment terms and reviewed compliance with debt covenants using available financial information and lender confirmations where applicable.

In addition, we reviewed the adequacy of disclosures relating to loans and borrowings, including maturity analysis, interest rates, and covenant-related information, to ensure compliance with PFRS requirements.

Based on the procedures performed, we found management's accounting treatment, classification, and disclosures of loans and borrowings to be appropriate in accordance with PFRS.

*Real Estate Revenue and Construction Contracts*

The Group's real estate revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgement and estimation in the following areas: (1) assessment of the probability that the Group will collect the consideration from the buyer; (2) determination of the transaction price; (3) application of the input method as the measure of progress in determining revenue from sale of real estate; (4) determination of the actual costs incurred as cost of real estate sold; and (5) recognition of cost to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as history the buyer. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers. In measuring the progress of its performance obligation over time, the Group measured based on actual costs incurred relative to the estimated development cost of the real estate project.

For construction contracts, revenues are based on the actual costs incurred to date relative to the total estimated cost to complete the construction projects. This process requires significant management judgements and estimates, particularly with respect to the identification of the performance obligation, and calculation of estimated costs to complete construction projects.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead.

The Group recognizes sales commission after contract inception as the cost of obtaining the contract. The Group charges sales commission due to sales agent as expense in the period incurred for the contracts with short-term benefits or contracts with a duration of one year or less.

*Audit response*

Our audit procedure included understanding of the Group's real estate revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the analysis of sales which includes summary of collections. We traced the analysis to supporting documents such as official receipts and buyers' subsidiary ledger.

For the determination of the transaction price, we selected contracts from the sales contract database and identified their payment terms and amounts excluded from the transaction price.

For construction contracts, we obtained sample contracts and agreements and reviewed management's assessment over the identification of performance obligation within the contract and the timing of revenue recognition. For the selected contract, we obtained understanding of the management's process to estimate the amount of consideration expected to be received from the customers.

For the measurement progress of the construction projects, we obtained an understanding of the Group's processes to accumulate actual costs incurred and to estimate the expected cost to complete. On a sampling basis, we tested actual costs incurred through examination of invoices and other supporting documents and performed test computation of the percentage of completion (POC). For POC, we visited project sites, made relevant inquiries with project engineers and correlated our observations with the reported project accomplishment.

For the cost of real estate sold, we obtained an understanding of the Group's cost accumulation process. For selected project, we traced cost accumulated, including those incurred but not yet billed costs, to support documents such as billing invoices, certificates of progress acceptance, official receipts, and accomplishment reports, among others.

For the recognition of costs to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we performed test calculation of the sales commission and agreed with the related contracts.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Group's Philippine Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements of our knowledge obtained in the audit, or otherwise appears to be materially misstated.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. In circumstances when the auditor also has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the consolidated financial statements, the auditor shall omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**VALDES ABAD & COMPANY, CPAs**  
BOA/PRC Reg. No. 0314  
Issued on July 15, 2024, Valid until July 14, 2027  
SEC Accreditation No.0314 - SEC, Group A  
Valid for 2022-2026 audit periods  
BIR Accreditation No. 08-002126-000-2024  
Issued on April 05, 2024, Valid until April 04, 2027

**For the firm:**



**ALFONSO L. CAY-AN**  
**Partner**  
CPA Registration No. 99805, Valid until December 14, 2026  
TIN No. 213-410-741-000  
PTR No. 10777156, Issued Date: January 13, 2026, Makati City  
BOA/PRC Reg. No. 0314  
Issued on July 15, 2024, Valid until July 14, 2027  
SEC Accreditation No. 99805 - SEC, Group A  
Valid for 2022 – 2026 audit periods  
BIR Accreditation No. 08-002126-005-2024  
Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines  
April 27, 2026

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(In Philippine Peso)

| <b>ASSETS</b>                                 | Note | <b>December 31,</b>  |                            |
|---|------|----------------------|----------------------------|
|   |      | <b>2025</b>          | <i>As Restated</i><br>2024 |
| <b>CURRENT ASSETS</b>                         |      |                      |                            |
| Cash  | 8    | 224,947,372          | 244,377,548                |
| Receivables                                   | 9    | 1,115,127,310        | 762,916,855                |
| Contract asset – current portion              | 10   | 674,713,895          | 827,156,013                |
| Real estate inventories                       | 11   | 4,331,635,335        | 2,948,626,556              |
| Prepayments and other current assets          | 12   | 41,220,978           | 17,403,681                 |
| Total Current Assets                          |      | <u>6,387,644,890</u> | <u>4,800,480,653</u>       |
| <b>NON-CURRENT ASSETS</b>                     |      |                      |                            |
| Contract asset – net of current portion       | 10   | 90,397,795           | 90,279,658                 |
| Property and equipment – net                  | 13   | 1,066,373,564        | 1,075,445,189              |
| Other non-current asset                       | 14   | 27,188,276           | 30,535,837                 |
| Total Non-Current Assets                      |      | <u>1,183,959,635</u> | <u>1,196,260,684</u>       |
| <b>TOTAL ASSETS</b>                           |      | <u>7,571,604,525</u> | <u>5,996,741,337</u>       |
| <b>LIABILITIES AND EQUITY</b>                 |      |                      |                            |
| <b>CURRENT LIABILITIES</b>                    |      |                      |                            |
| Accounts and other payables                   | 15   | 187,122,128          | 197,407,432                |
| Contract liabilities                          | 16   | 15,536,238           | 38,015,175                 |
| Loans and borrowings – current portion        | 17   | 1,130,949,924        | 782,700,538                |
| Income tax payable                            | 29   | 4,427,103            | -                          |
| Total Current Liabilities                     |      | <u>1,338,035,393</u> | <u>1,018,123,145</u>       |
| <b>NON-CURRENT LIABILITIES</b>                |      |                      |                            |
| Loans and borrowings – net of current portion | 17   | 1,945,342,263        | 974,138,084                |
| Advances from related parties                 | 19   | 169,946,632          | 173,928,719                |
| Defined benefit obligation                    | 18   | 15,059,836           | 12,703,551                 |
| Total Non-Current Liabilities                 |      | <u>2,130,348,731</u> | <u>1,160,770,354</u>       |
| <b>EQUITY</b>                                 |      |                      |                            |
| Share capital                                 | 20   | 2,500,000,000        | 2,500,000,000              |
| Share premium                                 | 21   | 218,849,628          | 218,849,628                |
| Retained earnings                             | 22   | 1,372,380,450        | 1,087,987,235              |
| Actuarial gain on defined benefit obligation  |      | 11,990,323           | 11,010,975                 |
| Total Equity                                  |      | <u>4,103,220,401</u> | <u>3,817,847,838</u>       |
| <b>TOTAL LIABILITIES AND EQUITY</b>           |      | <u>7,571,604,525</u> | <u>5,996,741,337</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**

(In Philippine Peso)

| <b>For the Years Ended December 31,</b>  | Note | <b>2025</b>          | <i>As Restated</i><br>2024 | 2023          |
|--|------|----------------------|----------------------------|---------------|
| <b>REVENUE</b>                           |      |                      |                            |               |
| Real estate sales                        | 23   | <b>1,401,217,951</b> | 1,401,027,855              | 1,011,106,834 |
| Other operating income                   | 24   | <b>13,192,245</b>    | 12,491,008                 | 18,149,048    |
| Total Revenue                            |      | <b>1,414,410,196</b> | 1,413,518,863              | 1,029,255,882 |
| <b>COST OF REAL ESTATE SALES</b>         | 25   | <b>764,330,268</b>   | 772,604,842                | 582,282,221   |
| <b>GROSS PROFIT</b>                      |      | <b>650,079,928</b>   | 640,914,021                | 446,973,661   |
| <b>OPERATING EXPENSES</b>                |      |                      |                            |               |
| Selling expenses                         | 27   | <b>70,648,760</b>    | 65,274,869                 | 58,522,753    |
| General and administrative expenses      | 28   | <b>172,549,369</b>   | 181,076,146                | 125,684,010   |
| Total Operating Expenses                 |      | <b>243,198,129</b>   | 246,351,015                | 184,206,763   |
| <b>NET OPERATING INCOME</b>              |      | <b>406,881,799</b>   | 394,563,006                | 262,766,898   |
| <b>FINANCE COST - NET</b>                | 26   | <b>24,439,701</b>    | 31,471,214                 | 18,936,317    |
| <b>INCOME BEFORE TAX</b>                 |      | <b>382,442,098</b>   | 363,091,792                | 243,830,581   |
| <b>INCOME BENEFIT FROM TAX (EXPENSE)</b> | 29   | <b>(23,048,883)</b>  | 3,721,704                  | (21,656,125)  |
| <b>NET INCOME</b>                        |      | <b>359,393,215</b>   | 366,813,496                | 222,174,456   |
| <b>OTHER COMPREHENSIVE INCOME</b>        |      |                      |                            |               |
| Actuarial gain on retirement plan        | 18   | <b>979,348</b>       | (2,764,286)                | 10,439,443    |
| <b>TOTAL COMPREHENSIVE INCOME</b>        |      | <b>360,372,563</b>   | 364,049,210                | 232,613,899   |
| <b>BASIC EARNINGS PER SHARE</b>          |      | <b>0.144</b>         | 0.147                      | 0.089         |

*See Consolidated Notes to Financial Statements*

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
*(In Philippine Peso)*

|                                     | Share<br>Capital<br>(Note 20) | Share<br>Premium<br>(Note 21) | <i>As Restated</i><br>Retained<br>Earnings<br>(Note 22) | Actuarial Gain<br>(loss) on Defined<br>Benefit Obligation<br>(Note 18) | Total                |
|-------------------------------------|-------------------------------|-------------------------------|---|--|----------------------|
| <b>BALANCE AT DECEMBER 31, 2022</b> | <b>2,500,000,000</b>          | <b>218,849,628</b>            | <b>576,692,832</b>                                      | <b>3,335,818</b>   | <b>3,298,878,278</b> |
| Dividends paid (Note 22)            | -                             | -                             | (27,693,550)  | -  | (27,693,550)         |
| Net income                          | -                             | -                             | 222,174,456   | -  | 222,174,456          |
| Other comprehensive income          | -                             | -                             | -   | 10,439,443   | 10,439,443           |
| <b>BALANCE AT DECEMBER 31, 2023</b> | <b>2,500,000,000</b>          | <b>218,849,628</b>            | <b>771,173,738</b>                                      | <b>13,775,261</b>  | <b>3,503,798,627</b> |
| Dividends paid (Note 22)            | -                             | -                             | (50,000,000)  | -  | (50,000,000)         |
| Net income                          | -                             | -                             | 366,813,496   | -  | 366,813,496          |
| Other comprehensive income          | -                             | -                             | -   | (2,764,286)  | (2,764,286)          |
| <b>BALANCE AT DECEMBER 31, 2024</b> | <b>2,500,000,000</b>          | <b>218,849,628</b>            | <b>1,087,987,235</b>                                    | <b>11,010,975</b>  | <b>3,817,847,838</b> |
| Dividends paid (Note 22)            | -                             | -                             | (75,000,000)  | -  | (75,000,000)         |
| Net income                          | -                             | -                             | 359,393,215   | -  | 359,393,215          |
| Other comprehensive income          | -                             | -                             | -   | 979,348  | 979,348              |
| <b>BALANCE AT DECEMBER 31, 2025</b> | <b>2,500,000,000</b>          | <b>218,849,628</b>            | <b>1,372,380,450</b>                                    | <b>11,990,323</b>  | <b>4,103,220,401</b> |

*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**

(In Philippine Peso)

| For the Years Ended December 31,                   | Notes | 2025                   | <i>As Restated</i><br>2024 | 2023          |
|--|-------|------------------------|----------------------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>        |       |                        |                            |               |
| Income before tax                                  |       | <b>382,442,098</b>     | 363,091,792                | 243,830,581   |
| Adjustments for:                                   |       |                        |                            |               |
| Interest expense – bank loans                      | 26    | <b>23,706,846</b>      | 30,951,948                 | 17,944,743    |
| Interest expense – defined benefit obligation      | 26    | <b>775,270</b>         | 431,833                    | 1,051,006     |
| Retirement expense                                 | 28    | <b>2,560,363</b>       | 2,412,802                  | 1,846,485     |
| Interest income earned                             | 8,26  | <b>(42,415)</b>        | (65,047)                   | (59,432)      |
| Provision for expected credit losses               | 9,28  | <b>645,495</b>         | -                          | -             |
| Reclassification of assets                         | 13    | <b>8,304,810</b>       | 11,027,731                 | -             |
| Depreciation                                       | 13    | <b>16,173,656</b>      | 12,189,668                 | 11,254,445    |
| Operating income before changes in working capital |       | <b>434,566,123</b>     | 420,040,727                | 275,867,828   |
| Changes in assets and liabilities:                 |       |                        |                            |               |
| Receivables  |       | <b>(352,855,950)</b>   | (518,078,894)              | 340,643,822   |
| Real estate inventories                            |       | <b>(1,383,008,779)</b> | (321,811,475)              | (119,009,282) |
| Contract asset                                     |       | <b>152,323,981</b>     | (58,568,660)               | (766,681,430) |
| Prepayments and other current assets               |       | <b>(23,817,297)</b>    | (5,364,193)                | 2,219,689     |
| Other non-current assets                           |       | <b>85,280</b>          | (5,821,530)                | (1,194,433)   |
| Accounts and other payables                        |       | <b>(10,285,304)</b>    | 21,956,891                 | (129,226,490) |
| Contract liability                                 |       | <b>(22,478,937)</b>    | (7,108,288)                | 45,123,463    |
| Defined benefit obligation                         |       | -                      | -                          | (760,000)     |
| Cash used from operations                          |       | <b>(1,205,470,883)</b> | (474,755,422)              | (353,016,833) |
| Interest received                                  | 8,26  | <b>42,415</b>          | 65,047                     | 59,432        |
| Income taxes paid                                  |       | <b>(15,359,499)</b>    | (2,272,245)                | (27,216,668)  |
| Net Cash from Operating Activities                 |       | <b>(1,220,787,967)</b> | (476,962,620)              | (380,174,069) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>        |       |                        |                            |               |
| Acquisition of property and equipment              | 13    | <b>(15,406,841)</b>    | (52,124,326)               | (31,558,377)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>        |       |                        |                            |               |
| Additions to loans and borrowings                  | 17    | <b>1,319,453,565</b>   | 646,431,169                | 684,383,638   |
| Payment of advances from related parties           | 19    | <b>(3,982,087)</b>     | (3,870,146)                | (66,872,949)  |
| Dividends paid                                     | 22    | <b>(75,000,000)</b>    | (50,000,000)               | (27,693,551)  |
| Interest paid                                      | 26    | <b>(23,706,846)</b>    | (30,951,948)               | (17,944,743)  |
| Net Cash from Financing Activities                 |       | <b>1,216,764,632</b>   | 561,609,075                | 571,872,395   |
| <b>NET INCREASE (DECREASE) IN CASH</b>             |       | <b>(19,430,176)</b>    | 32,522,129                 | 160,139,949   |
| <b>CASH, BEGINNING</b>                             | 8     | <b>244,377,548</b>     | 211,855,419                | 51,715,470    |
| <b>CASH, ENDING</b>                                | 8     | <b>224,947,372</b>     | 244,377,548                | 211,855,419   |

See Consolidated Notes to Financial Statements

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2025, 2024 and 2023**

|                                     |
|-------------------------------------|
| <b>NOTE 1 – GENERAL INFORMATION</b> |
|-------------------------------------|

**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 23, 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 Company was approved by the Board of Investments (BOI) as a New Developer of Economic Housing Project for its Granary - Phase 1, located at Brgy. San Antonio, Biñan City, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2023-152 valid from August 8, 2023, and four (4) years thereafter provides exemption from income tax on revenue generated and twelve (12) years duty exemption from the said project.

The Company was approved by the Board of Investments (BOI) as an Expanding Developer of Economic Housing Project for its The Granary Phase 2 and The Granary Phase 3, located at Brgy. San Antonio, Biñan City, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2024-069 and 2024-362 valid from March 22, 2024 and December 16, 2024, respectively, and three (3) years thereafter provides exemption from income tax on revenue generated and twelve (12) years duty exemption from the said projects.

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

The Parent Company and its subsidiaries 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 November 18, 1999. 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 May 26, 2021, the Parent Company acquired 100% ownership and control of Lifestyle Development Corporation for an acquisition cost of ₱105,737,000.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Statement of compliance**

The accompanying consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretation Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adapted by Securities and Exchange Commission (SEC).

### **2.2 Basis of preparation**

The accompanying Consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council, including SEC Pronouncements and memorandum circulars.

### **2.3 Going concern assumption**

The preparation of the accompanying condensed consolidated financial statements of the Group is based on the premise that the Group operates on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business. The management does not intend to liquidate.

### **2.4 Functional and presentation currency**

The consolidated financial statements are presented in Philippine peso, which is the presentation and functional currency of the Group. All financial information presented has been rounded off to the nearest Peso unless otherwise stated.

### **2.5 Use of judgment and estimates**

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Group’s consolidated financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Group’s significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management’s evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revision to accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in Note 4.

## **2.6 Basis of consolidation**

The consolidated financial statements of the Group comprise the financial statements of the Parent Company and its subsidiaries, after the elimination of intercompany transactions.

The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and losses, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

### **Investment in subsidiary**

Control is achieved when the Parent Company 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 (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

When the Parent Company has less than majority of the voting or similar rights of an investee, the Parent Company 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; and
- the Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control. Consolidation of a subsidiary begins when control is obtained over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

### **Non-controlling interests**

Non-controlling interests represent the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statement of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of comprehensive income. Non-controlling interests consist of the amount of those interests at the date of original business combination and the non-controlling interests' share on changes in equity since the date of the business combination.

There is no non-controlling interest as of December 31, 2025, 2024, and 2023.

## **2.7 Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

#### Transactions with non-controlling interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests results in gains and losses for the Group that are also recognized in equity.

There are no transactions with non-controlling interests as of December 31, 2025, 2024, and 2023.

#### Loss of control and disposal of subsidiaries

When the Group ceases to have control over a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over the subsidiary, it:

- derecognizes the assets, including goodwill, and liabilities of the subsidiary
- derecognizes the carrying amount of any non-controlling interest
- derecognizes the cumulative transaction differences recorded in equity
- recognizes the fair value of the consideration received
- recognizes the fair value of the any investment retained
- recognizes any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognized in OCI to profit or loss retained earnings, as appropriate.

### **2.8 Adoption of new and revised accounting standards**

The accounting policies adopted in the preparation of the Group's financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations. The adoption of these new and amended standards and interpretations did not have significant impact on the Group consolidated financial statements unless otherwise stated.

#### Effective beginning on or after January 1, 2025

*Amendments to PAS 21 - Lack of Exchangeability.* An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

*IFRIC Agenda Decision Over Time Transfer of Constructed Goods for Real Estate Industry* – In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph

35(c) of International Financial Reporting Standards Accounting Standards 15 (PFRS Accounting 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

### **Standards and Interpretations Issued but not yet Effective**

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on the financial statements. The Group intends to adopt the following pronouncements when they become effective.

#### Effective beginning on or after January 1, 2026

*Amendments to PFRS 9 and PFRS 7, Classification and Measurement of Financial Instruments PFRS 9 and PFRS 7* The standard provides a robust and transparent framework for classifying, measuring, and disclosing financial instruments in Philippine financial reporting. The amendments enhance clarity, improve alignment with PFRS, and strengthen investor confidence through better disclosure of risks and valuation practices.

#### *Annual Improvements to PFRS Accounting Standards - Volume 11*

- Amendments to PAS 7, *Cost Method*
- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
- Amendments to PFRS 7, *Gain or Loss on Derecognition*
- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
- Amendments to PFRS 10, *Determination of a “De Facto Agent”*

Volume 11 provides targeted, minor amendments to improve clarity, consistency, and cross-references across PFRS standards without introducing substantive new requirements. Compliance ensures alignment with contemporary PFRS interpretations and reduces the risk of misapplication.

The Group is currently assessing the impact of adopting these standards on its financial statements.

#### Effective beginning on or after January 1, 2027

*PFRS 18, Presentation and Disclosure in Financial Statements.* The new standard impacts the classification of profit or loss items (i.e. into operating, investing, and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e. operating profit, and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures.

*PFRS 19 Subsidiaries without Public Accountability.* The standard allows eligible subsidiaries to apply PFRS accounting principles with significantly reduced disclosure requirements, offering practical and cost relief while maintaining transparency for users. It is particularly relevant for subsidiaries whose parents report publicly under PFRS, allowing consistent financial reporting across the group with a streamlined, user-focused disclosure approach

The Group is currently assessing the impact of adopting this standard on its financial statements.

#### Deferred effectivity

*Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2026 of the said amendments until the IASB completes its broader review of the research project on equity

accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the consolidated financial statements in the year of adoption, if applicable.

### **NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all years presented unless otherwise stated.

#### **3.1 Financial assets and financial liabilities**

*Date of recognition.* The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*Initial recognition and measurement.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

*Classification.* The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

*Financial assets at amortized cost.* Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Gains and losses are recognized in profit or loss when the financial assets are derecognized and through the amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As of December 31, 2025, and 2024, the Group's cash, receivables, contract assets, refundable deposits, and advances to related parties are included under this category.

*Financial assets at FVPL.* Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of comprehensive income. As of December 31, 2025, and 2024, the Group has no financial assets at FVPL.

*Financial assets at FVOCI.* For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Group may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As of December 31, 2025, and 2024, no accounts are included under this category.

*Financial liabilities at amortized cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As of December 31, 2025, and 2024, the Group's accounts and other payables, contract liabilities, loans and borrowings, and advances from related parties are included under this category.

### **3.2 Reclassification**

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is

reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

### **3.3 Impairment of financial assets at amortized cost and FVOCI**

The Group records an allowance for “expected credit loss” (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate. For loan receivables, the Group has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

### **3.4 Derecognition of financial assets and liabilities**

*Financial assets.* A financial asset (or where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

*Financial liabilities.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

### **3.5 Offsetting financial instrument**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

### **3.6 Classification of financial instrument between liability and equity**

A financial instrument is classified as a liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

### **3.7 Current versus non-current classification**

The Group presents financial statements based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the financial reporting period;
- Expected to be settled on demand; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the financial reporting period.

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the financial reporting period;
- It is expected to be settled on demand; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the financial reporting period

The Group classifies all other liabilities as non-current.

### **3.8 Foreign currency transactions and translation**

Transactions in foreign currencies are initially recorded by the Group at the respective functional currency rates prevailing at the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statements of comprehensive income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in OCI until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits applicable to exchange differences on these monetary items are also recorded in the OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the par value is determined.

### **3.9 Fair value measurements**

The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy.

### **3.10 Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Committee (ExeCom), its chief operating decision-maker. The ExeCom is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's main service lines as disclosed in Note 6, which represent the main services provided by the Group.

Each of these operating segments is managed separately as each of these service lines require different resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, Operating Segments, are the same as those used in its consolidated financial statements.

There have been no significant changes from prior periods in the measurement methods used to determine reported segment profit or loss.

### **3.11 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.

### **3.12 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.

### **3.13 Real estate inventories**

Real estate inventories consist 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.

### **3.14 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 Group 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.

### **3.15 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.

### **3.16 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.

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 years             |
| Construction equipment   | 5 years             |
| Transportation equipment | 5 years             |
| Furniture and fixture    | 5 years             |
| Office equipment         | 3 years             |
| Computer software        | 3 years             |
| Construction tools       | 2 years             |

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, *Non-current 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 useful lives, and depreciation methods are reviewed periodically to ensure that the estimated, residual values, periods and methods of depreciation 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 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.

### **3.17 Impairment of non-financial assets**

#### *General*

An assessment is made at each balance sheet date of whether there is any indication of impairment of an asset, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the assets recoverable amount is calculated as the higher of the assets' value in use or net selling price.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to operations in the period which it arises.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but only to the extent of the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is credit to current operations.

#### *Property and equipment*

The Group assesses at each financial reporting date whether there is an indication that an asset may be impaired. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amounts exceed the estimated recoverable amounts, the assets or cash generating units (CGU) are written down to their estimated recoverable amounts. The estimated recoverable amount of an asset is the greater of the fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the cost of disposal, while the value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the CGU to which the asset belongs. Impairment losses of continuing operations are recognized in the statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed by a credit to current operations (unless the asset is carried at a revalued amount in which case the reversal of the impairment loss is credited to the revaluation increment of the same asset) to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation and depletion) had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statements of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal, the amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on systematic basis over its remaining useful life.

### **3.18 Accounts and other payables**

Accounts and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business if longer); otherwise, they are presented as noncurrent liabilities.

Accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with supplier including amounts due to employees. It is necessary to estimate the amounts of accruals; however, the uncertainty is generally much less than for provision.

Government dues and remittances include withholding income taxes which represent taxes retained by the Group for an item of income required to be remitted to the Bureau of Internal Revenue (BIR). The obligation of the Group to deduct and withhold the taxes arises at the time the income payment is paid or payable, or the income payment is accrued or recorded as an expense or asset, whichever comes first. The term "payable" refers to the date the obligation becomes due, demandable, or legally enforceable.

Accounts and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

### **3.19 Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### **3.20 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized as expense in profit or loss in the period in which they are incurred.

#### *IFRIC Agenda Decision on *Over Time Transfer of Constructed Goods**

In relation to customized or constructed goods where revenue is recognized over time, the Group determined that:

- Control of the asset is transferred to the customer as the asset is created;
- Accordingly, the related work-in-progress is not controlled by the Group and does not qualify as a qualifying asset.

Therefore, borrowing costs incurred in relation to such contracts are recognized as expense when incurred.

For contracts where revenue is recognized at a point in time, work-in-progress remains under the control of the Group. In such cases, borrowing costs may be capitalized provided that the asset meets the definition of a qualifying asset.

As of December 31, 2025 and 2024 the total borrowing costs recognized as expense amounting to ₱15,068,666 and ₱18,025,803, respectively.

Borrowing cost capitalized for the years 2025 and 2024 amounted to ₱170,022,644 and ₱104,983,506, which were directly attributable to the development and construction of qualifying assets, primarily real estate properties under development and construction in progress.

### **3.21 Advances from related parties**

These include receipts of resources, services or obligations to affiliates, regardless of whether a price is charged from the related parties. The amount is presented as current liability if payment is expected in one year or less, otherwise, they are presented as non-current liabilities.

### **3.22 Share capital**

Share capital is measured at par value for all shares issued. When the shares are sold out at a premium, the difference between the proceeds and the par value is credited to the “Additional paid-in capital” account. 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.

Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

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.

### **3.23 Retained earnings**

Retained earnings represent the cumulative balance of periodic net income or losses of the Group, dividend distribution, 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. When retained earnings account has a debit balance, it is called “deficit”, and presented as a deduction from equity.

Dividends are recognized when they become legally payable. Dividend distribution to equity shareholders is recognized as liability in the Group’s financial statements in the period in which the dividends are declared and approved by the entity’s Board of Directors.

### **3.24 Revenue recognition**

#### *Revenue from contract with customers*

The Group derives its real estate revenue from the sale of subdivision land and residential units. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

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.

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.

#### *Revenue from Contracts with Customers under IFRIC Agenda Decision on Over Time Transfer of Constructed Goods*

For contracts involving the construction or customization of goods for retail customers, the Group assesses whether revenue should be recognized over time or at a point in time.

Revenue is recognized over time when:

- The asset being constructed has no alternative use to the Group; and
- The Group has an enforceable right to payment for performance completed to date, including a reasonable profit margin.

Where the above criteria are met, revenue is recognized over time using the input method (cost-to-cost basis), which reflects the Group progress in transferring control of goods to the customer.

If these criteria are not met, revenue is recognized at a point in time, generally upon delivery and acceptance of the goods by the customer.

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

#### *Real estate sales*

The Group entered into reservation agreements with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate units covers subdivision land and residential house units and the Group concluded that there is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

The payment commences upon signing of the reservation agreement and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10% - 20% of the contract price to be paid over a maximum of 24 months at a fixed payment for horizontal developments and with remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to 15 years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customers does not necessarily coincide with the progress of construction, which results in either installment contracts receivable or contract liability.

After the delivery of the completed real estate unit, the Group provides a one-year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The performance obligations expected to be recognized within one year and more than one year relate to the continuous development of the real estate projects.

#### *Income from forfeited reservations and collections*

Income from forfeited reservations 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. Such income is also recognized, subject to the provisions of Republic Act 6552, Realty Installment Buyer Act, upon prescription of the period for the payment of required amortizations from defaulting buyers.

#### *Other income*

Other income is recognized in the consolidated 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.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

The Group's contract fulfilment assets pertain to land acquisition costs.

### **3.25 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.

#### *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.

#### *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.

### **3.26 Employees benefits**

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by the employees. It includes short-term employee benefits and post-employment benefits.

#### *Short-term benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### *Termination benefits*

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefit, short-term employee benefits, or other long-term employee benefits.

#### *Retirement benefits*

The Group does not have a defined contribution plan or any formal retirement plan that covers the retirement benefits of its employees. However, under the existing regulatory framework, Republic Act No. 7641, otherwise known as the Philippine Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining agreement and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan.

Republic Act No. 7641 relates to a defined benefit plan. A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group. The Group's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the consolidated statement of financial position for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the financial reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

The cost of providing benefits under the defined benefits plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- service cost
- net interest on the net defined benefit liability or asset
- remeasurement of net defined benefit liability or asset

Service cost which include current service costs, past service costs and gains or losses on non-routine settlement are recognized as expense in the statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of comprehensive income.

Remeasurement comprising actuarial gains and losses, return on plan assets and any changes in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the statement of comprehensive income in subsequent periods.

Past-service costs are recognized immediately in the consolidated income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

### **3.27 Leases**

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether the contract meets three key evaluations, which are whether:

- a.) the contract contains an *identified asset*, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group,
- b.) the Group has the *right to obtain substantially all of the economic benefits* from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract,
- c.) the Group has the *right to direct the use* of the identified asset throughout the period of use.

The Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

### As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a.) Right-of-use asset

At the initial application date, the Group recognizes a right-of-use asset on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

#### (b.) Lease liability

At the initial application date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

#### *Short-term leases and leases of low-value assets*

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### **3.28 Income taxes**

#### *Current taxes*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### *Deferred taxes*

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of Minimum Corporate Income Tax (MCIT) over the regular income tax and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither the accounting profit nor taxable profit (or loss).
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle the liabilities simultaneously.

### **3.29 Value Added Taxes (VAT)**

Revenue, expenses and assets are recognized net of the amount of VAT, except:

1. where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
2. receivables and payables that are stated with the amount of VAT included.

For sale of real estates including house and lots and other residential dwellings with a selling price of not more than ₱3,600,000, a tax exemption applies.

Output tax pertains to the 12% VAT received or receivable on the local sale of goods or services by the Group. Input tax pertains to the 12% VAT paid or payable by the Group in the course of its trade or business on purchase of goods or services. At the end of each taxable period, if output tax exceeds input tax, the outstanding balance is paid to the taxation authority. If input tax exceeds output tax, the excess shall be carried over to the succeeding months.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of 'prepayments and other current assets' or 'accounts and other payables' in the consolidated statements of financial position.

### **3.30 Related party transactions and relationship**

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Group and close members of the family of any individuals owning directly or indirectly a significant voting power of the Group that gives them significant influence in the financial and operating policy decisions of the Group are also considered to be related parties.

An entity is related to the Group if any of the following conditions apply:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
- Both entities are joint ventures of the same third party
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity
- The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group
- The entity is controlled or jointly controlled by a person identified above
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner, and dependents of that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Group when it directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the Group. Transactions between related parties are based on terms similar to those offered to non-related entities in an economically comparable market, except for non-interest-bearing advances with no definite repayment terms.

### **3.31 Provisions and contingencies**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of obligation. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and where, appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as 'Interest expense' in the statement of income.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

### **3.32 Earnings per share (EPS) attributable to equity holders**

Basic EPS is calculated by dividing the profit attributable to the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding and assume conversion of all dilutive potential ordinary shares.

If the number of ordinary or potential shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted EPS for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

The Group has no dilutive potential common shares outstanding.

### **3.33 Events after the reporting date**

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events), if any, are reflected in the consolidated financial statements. Post year-end events that are not adjusting events, if any, are disclosed in the notes when material to the consolidated financial statements.

## **NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the consolidated financial statements in conformity with PFRS requires the Group's management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and accompanying notes.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates, assumptions and judgments are reviewed and evaluated on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### **4.1 Judgments**

#### **(a) Going concern**

As of December 31, 2025 and 2024, the Group's primary objective is to ensure its ability to continue as a going concern and that it maintains the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### **(b) Determination of functional currency**

The consolidated financial statements are presented in the Philippine Peso, which is also the Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### **(c) Fair value measurements**

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

#### **(d) Classification of financial instruments**

The Group manages its financial assets based on business models that maintain an adequate liquidity level and preserve capital requirements, while maintaining a strategic portfolio of financial assets for accrual and trading activities consistent with its risk appetite.

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument, or a portfolio of financial instruments, belong to taking into consideration the objectives of each business model established by the Group.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

*(e) Assessing significant influence and control over investee.*

The Group determines that it has control over its subsidiaries by considering, among others, its power over 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. The following are also considered:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual agreements.
- The Group's voting rights and potential voting rights.

Management has assessed the level of influence the Parent Company has on Tradition Homes, Inc. (formerly known as Tradition Homes Project Managers, Inc.) and Lifestyle Development Corporation and determines that it has control by virtue of the Parent Company holding 100% voting power over both companies.

*(f) Identification of the contract*

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contracts to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with customer under PFRS 15.

In addition, part of the assessment of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance if the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as payment history of customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

*(g) Measure of progress*

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development (which include customized uninstalled materials) to the customers. The Group determined that in the case of customized materials, the Group is not just providing a simple procurement service to the customer as it is significantly involved in the design and details of the manufacture of the materials.

*(h) Determining transaction price of sale of real estate*

The Group determines whether a contract contains a significant financing component using portfolio approach by considering (1) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (2) the effect of the expected length of time between when the entity transfers the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing effective interest rate. The Group applied practical expedient by not adjusting the effect of financing component when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Group determined that its transaction price on sale of real estate recognized over time do not include a significant financing component.

(i) Determining performance obligation

With respect to equity sale of real properties, the Group concluded that the transfer of goods and services in each contract constitute a performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Group is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct in the context contract.

The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output.

(j) Determining Timing of Revenue Recognition under IFRIC Agenda Decision on Over Time Transfer of Constructed Goods.

In applying the IFRIC Agenda Decision on Over Time Transfer of Constructed Goods, management assesses:

- Whether the goods are highly customized and have no alternative use;
- Whether the Group has an enforceable right to payment, including enforceability under applicable laws and contractual terms; and
- Whether the input method appropriately measures progress toward completion.

(k) Determining the timing of satisfaction of the performance obligation

The Group concluded that revenue from contracts with customers is to be recognized at a point in time since it does not fall within any of the following conditions to be met for recognition over a period of time:

- The customer receives and consumes the benefits of the goods or services as they are provided by the Group;
- The Group's performance does not create an asset with an alternative use and;
- The goods or services create or enhances an asset that the customer controls as that asset is created and enhanced.

The promised property is specifically identified in the contract and the contract has a restriction on the Group for redirecting the use of the property for other purposes. In addition, the customer is contractually obliged to make payments to the developer up to the end of contract terms.

(l) Determination whether an arrangement contains a lease

The determination of whether a contract is, or contains a lease, is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

(m) Accounting for lease commitments – Group as lessee

The Group has a lease agreement for its office space with a term of 12 months and is renewable upon mutual agreement of both parties. The Group availed of exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on the short-term lease are recognized as expense on a straight-line basis over the lease term.

Rent expense arising from operating lease agreements amounted to ₱1,481,845, ₱1,020,534 and ₱545,726, in 2025, 2024, and 2023, respectively (see Note 28 and 31).

(n) Repairs and maintenance

Costs of repairs and maintenance that do not result in an increase in the future economic benefit of an item of property and equipment is charged to operations in the period it is incurred. Otherwise, it is capitalized as part of the asset.

## 4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below.

### Fair values of financial instruments

PFRS requires that financial assets and financial liabilities be carried or disclosed at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, and volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any change in the fair values of financial assets and financial liabilities directly affects profit or loss, equity, and the required disclosures.

Where the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, their fair values are determined using valuation techniques that are generally-accepted market valuations including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values.

The fair values of consolidated financial assets and financial liabilities by category and their fair value hierarchy are set out in Note 7 to the consolidated financial statements.

### Revenue recognition method

The Group concluded that revenue from sale of real estate is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. The cost to obtain a contract is recognized using the percentage-of-completion method, except for commissions. Commissions are recognized as an expense in the period incurred for contracts with short-term benefits or contracts with a duration of one year or less.

Revenue from sale of real estate amounted to ₱1,401,217,951, ₱1,401,027,855, and ₱1,011,106,834 for the years ended December 31, 2025, 2024 and 2023, respectively, while the cost of real estate sold amounted to ₱764,330,268, ₱772,604,842, and ₱582,282,221 for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 23 and 25).

### Definition of default and credit-impaired installment contracts receivable

The Group defines the account as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

#### *Quantitative criteria*

The customer receives a notice of cancellation and does not continue the payments.

#### *Qualitative criteria*

The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty.

These are instances where:

1. The customer is experiencing financial difficulty or is insolvent
2. The customer is in breach of financial covenant(s)
3. An active market for that financial asset has disappeared because of financial difficulties
4. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
5. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (ED) throughout the Company's expected loss calculation.

#### Allowance for expected credit losses of receivables

The Group reviews its impaired receivables at each reporting date to assess whether an additional provision for credit losses should be recorded in the profit and loss. In, particular, judgment by Management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about number of factors and actual results may differ, resulting in future changes to the allowance.

The carrying value of receivables amounted to ₱1,115,127,310, and ₱762,916,855 as of December 31, 2025 and 2024, respectively (Note 9).

The Group has allowance for credit losses was recognized of December 31, 2025 and 2024 amounting to ₱645,495 and nil, respectively (Note 9). No write-off and recoveries were also recognized as of December 31, 2025, and 2024.

#### Evaluation of net realizable value of real estate inventories

Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' estimated selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. For real estate inventories, the Group adjusts the cost of its real estate inventories to its net realizable value based on its assessments of the recoverability of the real estate inventories. In determining the recoverability of the inventories considers whether those inventories are damaged or if their selling process have declined.

Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. In the event that NRV is lower than the cost, the decline is recognized as an expense. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Inventories carried at cost amounted to ₱4,331,635,335, and ₱2,948,626,556 as of December 31, 2025 and 2024, respectively (Note 11). No impairments were assessed for the inventories as of December 31, 2025 and 2024, respectively.

#### Estimating residual values and useful lives of property and equipment

The Group estimates residual values and useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that the future results of operations could be materially affected by changes in estimates brought by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded expenses and decrease non-current assets.

The carrying amounts of property and equipment amounted to ₱1,066,373,564, and ₱1,075,445,189 as of December 31, 2025, and 2024, respectively (see Note 13). Useful lives of property and equipment is disclosed in Note 3.16.

#### Estimating impairment losses on property and equipment

The Group assesses impairment on its property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review, include the following:

- a) significant underperformance relative to expected historical or projected future operating results;
- b) significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- c) significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from continued use of the assets, the Group is required to make estimates that can materially affect the financial statements.

The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For purposes of assessing impairment, assets are assessed at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized and charged to statements of loss if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. There was no provision for impairment loss on property and equipment recognized in 2025, 2024 and 2023.

#### Estimating allowance for impairment losses on non-financial assets (except property and equipment)

The Group provides allowance for impairment losses on non-financial assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease related assets.

There was no indication of impairment noted on the Group's non-financial assets in 2025, 2024 and 2023.

#### Realizable amount of deferred tax assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets amounted to ₱6,247,123 and ₱9,509,404 as of December 31, 2025 and 2024, respectively (Note 29).

#### **4.3 Provision and contingencies**

Judgment is exercised by management to distinguish between provisions and contingencies. The policy on the recognition and disclosure of provisions is discussed in Note 3.31.

|                                      |
|--------------------------------------|
| <b>NOTE 5 – BUSINESS COMBINATION</b> |
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On January 18, 2018, the Board of Directors of the Parent Company has approved the decision for the Parent Company to acquire 100% ownership and control of Tradition Homes, Inc. for an acquisition cost of ₱30,000,000. The capital stock exchange was made through conversion of Parent Company's Advances to Tradition Homes, Inc.

On May 26, 2021, the Board of Directors of the Parent Company has approved the decision for the Parent Company to acquire 100% ownership and control of Lifestyle Development Corporation (LDC) for an acquisition cost of ₱105,737,000. The acquisition of LDC during the year in the Business Combination will increase the assets by ₱853.5 million.

## NOTE 6 – SEGMENT INFORMATION

The Group has only one business segment which is primarily involved in real estate. The Group operates in one geographic location only and therefore, no information on geographical segment is presented.

## NOTE 7 – FAIR VALUE MEASUREMENT

### 7.1 Carrying amounts and fair values by category

The table below presents a comparison by category of carrying amounts and fair values of the Group's financial instruments for the years ended December 31, 2025 and 2024:

|   | December 31, 2025 |                 | December 31, 2024 |                 |
|---|-------------------|-----------------|-------------------|-----------------|
|   | Carrying Value    | Fair Value      | Carrying Value    | Fair Value      |
| Financial assets at amortized cost:     |                   |                 |                   |                 |
| Cash in bank (Note 8)                   | ₱ 223,943,372     | ₱ 223,943,372   | ₱ 243,656,548     | ₱ 243,656,548   |
| Receivables – net (Note 9)              | 1,115,127,310     | 1,115,127,310   | 762,916,855       | 762,916,855     |
| Contract assets (Note 10)               | 765,111,690       | 765,111,690     | 917,435,671       | 917,435,671     |
| Refundable deposits (Note 14)           | 10,118,855        | 10,118,855      | 10,204,135        | 10,204,135      |
| Total                                   | ₱ 2,114,301,227   | ₱ 2,114,301,227 | ₱ 1,934,213,209   | ₱ 1,934,213,209 |
| Financial liabilities at amortized cost |                   |                 |                   |                 |
| Accounts and other payables* (Note 15)  | ₱ 155,213,269     | ₱ 155,213,269   | ₱ 194,018,229     | ₱ 194,018,229   |
| Contract liabilities (Note 16)          | 15,536,238        | 15,536,238      | 38,015,175        | 38,015,175      |
| Loans and borrowings (Note 17)          | 3,076,292,187     | 3,076,292,187   | 1,756,838,622     | 1,756,838,622   |
| Advances from related parties (Note 19) | 169,946,632       | 169,946,632     | 173,928,719       | 173,928,719     |
| Total                                   | ₱ 3,416,988,326   | ₱ 3,416,988,326 | ₱ 2,162,800,745   | ₱ 2,162,800,745 |

\* excluding government liabilities

Cash in bank, receivables, Refundable deposits, Accounts and other payables (excluding government liabilities), and Loans and borrowings. The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturity of these financial instruments.

Advances to (from) related parties. The carrying amounts of these related party transactions approximate their fair values.

### 7.2 Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy Group's financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The following table summarizes the fair value hierarchy of the Group's financial assets and liabilities, which are measured at fair value or require disclosure as prescribed by other PFRS, as of December 31, 2025, and 2024:

|  | <b>December 31, 2025</b> |                |                        |                        |
|--|--------------------------|----------------|------------------------|------------------------|
|  | <b>Level 1</b>           | <b>Level 2</b> | <b>Level 3</b>         | <b>Total</b>           |
| Financial assets at amortized cost:      |                          |                |                        |                        |
| Cash in bank (Note 8)                    | ₱ 223,943,372            | ₱ -            | ₱ -                    | ₱ 223,943,372          |
| Receivables – net (Note 9)               | -                        | -              | 1,115,127,310          | 1,115,127,310          |
| Contract assets (Note 10)                | -                        | -              | 765,111,690            | 765,111,690            |
| Refundable deposits (Note 14)            | -                        | -              | 10,118,855             | 10,118,855             |
| <b>Total</b>                             | <b>₱ 223,943,372</b>     | <b>₱ -</b>     | <b>₱ 1,890,357,855</b> | <b>₱ 2,114,301,227</b> |
| Financial liabilities at amortized cost  |                          |                |                        |                        |
| Accounts and other payables* (Note 15)   | ₱ -                      | ₱ -            | ₱ 155,213,269          | ₱ 155,213,269          |
| Contract liabilities (Note 16)           | -                        | -              | 15,536,238             | 15,536,238             |
| Loans and borrowings (Note 17)           | 3,076,292,187            | -              | -                      | 3,076,292,187          |
| Advances from related parties (Note 19)  | -                        | -              | 169,946,632            | 169,946,632            |
| <b>Total</b>                             | <b>₱ 3,076,292,187</b>   | <b>₱ -</b>     | <b>₱ 340,696,139</b>   | <b>₱ 3,416,988,326</b> |
| <i>*excluding government liabilities</i> |                          |                |                        |                        |
|  | <b>December 31, 2024</b> |                |                        |                        |
|  | <b>Level 1</b>           | <b>Level 2</b> | <b>Level 3</b>         | <b>Total</b>           |
| Financial assets at amortized cost:      |                          |                |                        |                        |
| Cash in bank (Note 8)                    | ₱ 243,656,548            | ₱ -            | ₱ -                    | ₱ 243,656,548          |
| Receivables – net (Note 9)               | -                        | -              | 762,916,855            | 762,916,855            |
| Contract assets (Note 10)                | -                        | -              | 917,435,671            | 917,435,671            |
| Refundable deposits (Note 14)            | -                        | -              | 10,204,135             | 10,204,135             |
| <b>Total</b>                             | <b>₱ 243,656,548</b>     | <b>₱ -</b>     | <b>₱ 1,690,556,661</b> | <b>₱ 1,934,213,209</b> |
| Financial liabilities at amortized cost  |                          |                |                        |                        |
| Accounts and other payables* (Note 15)   | ₱ -                      | ₱ -            | ₱ 194,018,229          | ₱ 194,018,229          |
| Contract liabilities (Note 16)           | -                        | -              | 38,015,175             | 38,015,175             |
| Loans and borrowings (Note 17)           | 1,756,838,622            | -              | -                      | 1,756,838,622          |
| Advances from related parties (Note 19)  | -                        | -              | 173,928,719            | 173,928,719            |
| <b>Total</b>                             | <b>₱ 1,756,838,622</b>   | <b>₱ -</b>     | <b>₱ 405,962,123</b>   | <b>₱ 2,162,800,745</b> |
| <i>*excluding government liabilities</i> |                          |                |                        |                        |

As of December 31, 2025, and 2024, there are no financial assets or financial liabilities measured at fair value. There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2025, and 2024.

**Financial instruments not measured at fair value for which fair value is disclosed**

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine fair value of such instruments are not based on observable market data.

**NOTE 8 – CASH**

As of December 31, the account consists of:

| Particulars   | 2025                 | 2024                 |
|---------------|----------------------|----------------------|
| Cash on hand  | P 1,004,000          | P 721,000            |
| Cash in banks | <u>223,943,372</u>   | <u>243,656,548</u>   |
| Total         | <u>P 224,947,372</u> | <u>P 244,377,548</u> |

Cash in bank earns interest at the respective bank deposit rates. Interest income from bank deposits amounted to P42,415, P65,047, and P59,432 for the years ended December 31, 2025, 2024 and 2023, respectively. (Note 26)

**NOTE 9 – RECEIVABLES – NET**

As of December 31, the account consists of:

| Particulars                                | 2025                   | 2024                 |
|--|------------------------|----------------------|
| Receivables from customers                 | P 845,335,547          | P 690,989,583        |
| Receivables at amortized cost from:        |                        |                      |
| Contractors                                | 33,808,752             | 11,033,388           |
| Officers and employees                     | 9,286,663              | 7,721,999            |
| Buyer                                      | 5,541,840              | 5,747,489            |
| Broker                                     | 4,499,779              | 4,509,779            |
| Suppliers                                  | 475,487                | 2,097,893            |
| Others                                     | <u>216,824,737</u>     | <u>40,816,724</u>    |
| Gross receivables                          | 1,115,772,805          | 762,916,855          |
| Less: Allowance for expected credit losses | <u>(645,495)</u>       | <u>-</u>             |
| Receivables - current portion              | <u>P 1,115,127,310</u> | <u>P 762,916,855</u> |

*Receivables from customers*

Receivables from customers pertain to receivables from the sale of condominium units and lots which are generally non-interest bearing and financed by the local banks or the home development mutual fund or the Pag-IBIG upon settlement of outstanding balance of at least 80% to 90% of the total contract price, subject to approval of the latter. Upon approval, proceeds are considered as payment of the related receivables and loan balances.

Trade receivables from real estate buyers who availed in-house financing are interest bearing and are collectible in equal monthly installments with various terms up to a maximum of fifteen (15) 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 18.00%.

*Receivables from contractors, suppliers, and brokers*

These receivables mainly consist of refundable advances, unliquidated billings, and amounts due from brokers arising from commission arrangements in the ordinary course of business. These receivables at amortized cost are non-interest bearing and collectible within one year from reporting date.

*Receivables from buyers*

These are post sales expenses due on the buyer. Post sales expense like, water meter, electric post, monthly dues, fire extinguisher, smoke detector, etc. The Group will accommodate first the payment on the expenses incurred to suppliers.

*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 such as clearance, permits, and other fees, 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 Group 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 in 2024 and 2023. The Group accounts for sales cancellations as a contract modification under PFRS 15. Upon cancellation, the Group reverses the previously recognized revenue and related costs of sales for the portion of the contract that is no longer enforceable. The repossessed unit is reinstated to 'Real Estate Inventory' at its specific historical cost.

During the year, the Group provide allowance for expected credit losses amounting to ₱645,495. (Note 28 and 29)

**NOTE 10 – CONTRACT ASSETS**

As of December 31, the account consists of:

| Particulars                                   | 2025                 | 2024                 |
|---|----------------------|----------------------|
| Contract asset                                | ₱ 765,111,690        | ₱ 917,435,671        |
| Less: Contract assets – non – current portion | <u>90,397,795</u>    | <u>90,279,658</u>    |
| Contract asset – current portion              | ₱ <u>674,713,895</u> | ₱ <u>827,156,013</u> |

Contract assets are initially recognized for revenue earned from property under development rendered but not yet to be billed to customers. Upon billing of invoice, the amounts recognized as contract assets are reclassified as receivable.

**NOTE 11 – REAL ESTATE INVENTORIES**

As of December 31, the account consists of:

| Particulars   | 2025                   | 2024                   |
|---|------------------------|------------------------|
| Beginning balance   | ₱ 2,948,626,556        | ₱ 2,626,815,081        |
| Land acquired during the year                               | 1,179,847,795          | 281,579,862            |
| Construction and development costs incurred during the year | 969,734,004            | 812,836,455            |
| Less: Cost of real estate sales (Note 25)                   | 764,330,268            | 772,604,842            |
| Adjustments/ reclassification                               | <u>2,242,752</u>       | <u>-</u>               |
| Ending balance  | ₱ <u>4,331,635,335</u> | ₱ <u>2,948,626,556</u> |

Inventories are carried at the lower of cost or net realizable value (NRV). There was no allowance for impairment of inventories as of December 31, 2025 and 2024.

Land for sale and development represents real estate subdivision projects in which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines. It also includes raw land inventories that are under development and those that are about to undergo development.

In 2025, Tradition Haus, Inc. reclassified real estate inventories amounting to ₱2,242,752, which pertain to overhead expenses that were initially capitalized as part of inventory cost and subsequently recognized as administrative expenses.

Real estate inventories recognized as cost of sales are included as cost of real estate sales in the consolidated statements of comprehensive income. Cost of real estate sales includes acquisition cost of subdivision land, amount paid to contractors, development costs, capitalized borrowing costs and other costs attributable to bringing the real estate inventories to its intended condition.

The Group has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 637 and License to Sell No. 816 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 2 with 58 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Group has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 445 for their housing project namely The Granary with an area of 104,661 sq.m on January 30, 2023 and License to Sell No. 1556 on July 21, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary (Phase 1) with 260 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Group has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 1682 on November 24, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 2 with 454 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The real estate inventories used as collateral or pledged as security to secure the borrowings of the Group are as follows:

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT Nos. 163-2019001804, 163-2019001803 and 163-2023000429 located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo City, Rizal. The carrying amount of the said inventory is ₱8,460,675.

A Real Estate Mortgage for the loan was registered as a collateral for the title (or its subdivided titles): TCT No. 170-2023004067 covering 26,030 sqm named under the Company located within Brgy. San Antonio, Biñan City, Laguna. The carrying amount of the said inventory is ₱200,000,000.

A Real Estate Mortgage over two (2) properties located at Celestis 1 Lot 4-B along Buliran Road, Brgy. San Luis, Antipolo Rizal and Celestis 2 Lot 2 along Buliran Road, Brgy. San Luis, Antipolo, Rizal together with all improvements/appurtenant thereto, under Transfer Certificate of Title (or its subdivided titles) No. 163-2018007548 (5.25sqm) and Transfer Certificate of Title (or its subdivided titles) No. 163-2018008000 (7,963sqm) named under the Company. The carrying amount of the said inventory is ₱31,203,271

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster A) located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna: T-534315 to T-534320, T-534322 to T-534326, T-534328 to T-534333, T-534361 to T-534477, T-534795 to T-534797, T-2023001600, T-534815 to T-534821, T-534321, T-534327, T-534903, T-534916 to T-534918. The carrying amount of the said inventory is ₱327,091,463.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster B to D) located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna:

Cluster B T-534478 to T-534508, T-5345109, T-534510 to T-534567, T-534569, T-534571, T-534573, T-534575, T-534577, T-534579, T-534581, T-534583, T-534585, T-534587, T-534589, T-534593, T-534595, T-534597, T-534599, T-534601 to T-534602, T-534604, T-534606, T-534608 to T-534610, T-534612, T-534591, T-534899 to T-534901, T-534904 to T-534906

Cluster C T-534568, T-534570, T-534572, T-534574, T-534576, T-534578, T-534580, T-534582, T-534584, T-534586, T-534588, T-534590, T-534592, T-534594, T-534596, T-534598, T-534600, T-534603, T-534605, T-534607, T-534611, T-534613 to T-534637, T-534638 to T-534689, T-534690, T-534714, T-534716, T-534718, T-534720, T-534722, T-534724, T-534726, T-534728, T-534730, T-534732, T-534734, T-534736, T-534740, T-534742, T-534744, T-534746, T-

534748, T-534750, T-534752, T-534754, T-534756, T-534758, T-534760, T-534738, T-534907 to T-534909, T-170-2023001598 to T-170-2023001599

Cluster D T-534715, T-534717, T-534719, T-534721, T-534723, T-534725, T-534727, T-534729, T-534731, T-534733, T-534735, T-534737, T-534739, T-534741, T-534743, T-534745, T-534747, T-534749, T-534751, T-534753, T-534755, T-534757, T-534759, T-534761 to T-534774, T-534798 to T-534814, T-534775 to T-534794, T-534822 to T-534898, T-534902, T-534910 to T-534915, T-534919

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT No.: T-93608 and (060-T-94742) 170-0002896 with a lot area of 10,000 sqm and 6,486 sqm for the 1.65-hectares Amberwood Project located Biñan City, Laguna. The carrying amount of the said inventory is ₱106,208,539.

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT Nos. 163-2019001804, 163-2019001803 and 163-2023000429 with a lot area of 16,041 sqm The Hammond Project located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo City, Rizal. The carrying amount of the said inventory is ₱65,457,840.

|   |
|---|
| <b>NOTE 12 – PREPAYMENTS AND OTHER CURRENT ASSETS</b> |
|---|

As of December 31, the account consists of:

| Particulars                | 2025                | 2024                |
|----------------------------|---------------------|---------------------|
| Input VAT                  | ₱ 38,839,733        | ₱ 264,745           |
| Prepaid interest           | 852,381             | -                   |
| Prepaid rent               | 676,992             | 253,872             |
| Prepaid taxes and licenses | 575,527             | 499,187             |
| Prepaid insurance          | 6,673               | 64,614              |
| Prepaid income tax         | -                   | 5,176,380           |
| Deposits                   | -                   | 10,000,000          |
| Deferred MCIT (Note 29)    | -                   | 720,336             |
| Others                     | <u>269,672</u>      | <u>424,547</u>      |
| Total                      | ₱ <u>41,220,978</u> | ₱ <u>17,403,681</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 income tax represents 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.

Prepaid taxes and licenses represent prepayment for taxes as well as local business real property taxes.

Deposit is an advance payment, earnest money is a deposit or partial payment in anticipation or commitment to purchase an asset, in this case, the purchase of eight (8) contiguous lots for a total contract price of Php1 Billion.

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

|   |
|---|
| <b>NOTE 13 – PROPERTY AND EQUIPMENT – NET</b> |
|---|

The movements of property and equipment are as follows:

**December 31, 2025**

| Particulars                      | Beginning<br>Balances  | Additions/<br>Provisions | Reclassification/<br>Adjustments | Ending<br>Balances     |
|----------------------------------|------------------------|--------------------------|----------------------------------|------------------------|
| <b>Cost:</b>                     |                        |                          |                                  |                        |
| Land                             | ₱ 1,019,305,440        | ₱ 1,787,512              | ₱ -                              | ₱ 1,021,092,952        |
| Office improvement               | 3,557,174              | -                        | -                                | 3,557,174              |
| Office equipment                 | 9,120,051              | 1,447,567                | -                                | 10,567,618             |
| Construction equipment           | 51,323,180             | 5,969,098                | -                                | 57,292,279             |
| Transportation equipment         | 9,078,968              | 2,351,484                | -                                | 11,430,451             |
| Furniture and fixture            | 1,373,674              | 609,434                  | -                                | 1,983,108              |
| Construction tools               | 25,598,116             | -                        | (23,365,607)                     | 2,232,509              |
| Warehouse equipment              | 182,732                | 67,857                   | -                                | 250,589                |
| Computer software                | -                      | 114,850                  | -                                | 114,850                |
| Temporary facilities             | 6,996,273              | -                        | -                                | 6,996,273              |
| Leasehold improvement            | 3,058,158              | 3,059,039                | -                                | 6,117,197              |
| Right of use asset               | 2,419,780              | -                        | -                                | 2,419,780              |
| <b>Total</b>                     | <b>₱ 1,132,013,546</b> | <b>₱ 15,406,841</b>      | <b>₱ (23,365,607)</b>            | <b>₱ 1,124,054,780</b> |
| <b>Accumulated depreciation:</b> |                        |                          |                                  |                        |
| Office improvement               | ₱ 3,409,121            | ₱ 36,257                 | ₱ -                              | ₱ 3,445,378            |
| Office equipment                 | 6,101,640              | 1,733,409                | -                                | 7,835,049              |
| Construction equipment           | 20,746,469             | 9,491,356                | -                                | 30,237,825             |
| Transportation equipment         | 6,465,240              | 970,128                  | -                                | 7,435,368              |
| Furniture and fixture            | 404,258                | 272,128                  | -                                | 676,386                |
| Construction tools               | 17,286,424             | 6,884                    | (15,060,797)                     | 2,232,511              |
| Warehouse equipment              | 104,309                | 33,842                   | -                                | 138,151                |
| Temporary facilities             | 841,006                | 1,602,370                | -                                | 2,443,376              |
| Leasehold improvement            | -                      | 817,392                  | -                                | 817,392                |
| Right of use asset               | 1,209,890              | 1,209,890                | -                                | 2,419,780              |
| <b>Total</b>                     | <b>₱ 56,568,357</b>    | <b>₱ 16,173,656</b>      | <b>₱ (15,060,797)</b>            | <b>₱ 57,681,216</b>    |
| <b>Net Book Value</b>            | <b>₱ 1,075,445,189</b> | <b>₱ 8,304,810</b>       | <b>₱ 1,066,373,564</b>           | <b>₱ 1,066,373,564</b> |

December 31, 2024

| Particulars               | Beginning<br>Balances | Additions/<br>Provisions | Reclassification/<br>Adjustments | Ending<br>Balances |
|---------------------------|-----------------------|--------------------------|----------------------------------|--------------------|
| Cost:                     |                       |                          |                                  |                    |
| Land                      | ₱ 1,005,141,700       | ₱ 14,163,740             | ₱ -                              | ₱ 1,019,305,440    |
| Office improvement        | 3,375,886             | 181,288                  | -                                | 3,557,174          |
| Office equipment          | 6,985,710             | 2,134,341                | -                                | 9,120,051          |
| Construction equipment    | 33,290,641            | 18,032,539               | -                                | 51,323,180         |
| Transportation equipment  | 9,078,968             | -                        | -                                | 9,078,968          |
| Furniture and fixture     | 962,561               | 411,113                  | -                                | 1,373,674          |
| Construction tools        | 20,473,886            | 5,124,230                | -                                | 25,598,116         |
| Warehouse equipment       | 139,268               | 43,464                   | -                                | 182,732            |
| Temporary facilities      | 440,600               | 6,555,673                | -                                | 6,996,273          |
| Leasehold improvement     | -                     | 3,058,158                | -                                | 3,058,158          |
| Right of use asset        | -                     | 2,419,780                | -                                | 2,419,780          |
| Total                     | 1,079,889,220         | ₱ 52,124,326             | -                                | 1,132,013,546      |
| Accumulated depreciation: |                       |                          |                                  |                    |
| Office improvement        | 3,372,915             | ₱ 36,206                 | ₱ -                              | ₱ 3,409,121        |
| Office equipment          | 4,576,735             | 1,524,905                | -                                | 6,101,640          |
| Construction equipment    | 13,427,888            | 7,318,581                | -                                | 20,746,469         |
| Transportation equipment  | 5,426,918             | 1,038,322                | -                                | 6,465,240          |
| Furniture and fixture     | 214,034               | 190,224                  | -                                | 404,258            |
| Construction tools        | 6,169,305             | 89,388                   | 11,027,731                       | 17,286,424         |
| Warehouse equipment       | 75,045                | 29,264                   | -                                | 104,309            |
| Temporary facilities      | -                     | 752,886                  | -                                | 841,006            |
| Right of use asset        | 88,120                | 1,209,890                | -                                | 1,209,890          |
| Total                     | 33,350,960            | ₱ 12,189,668             | ₱ 11,027,731                     | 56,568,357         |
| Net Book Value            | ₱ 1,046,538,260       |                          |                                  | ₱ 1,075,445,189    |

The Group elected to use the cost model in accounting for property and equipment.

In 2025, the Parent's remaining construction tools with a cost of ₱23,365,607, and accumulated depreciation amounting to ₱15,060,797 with a carrying amount of ₱8,304,810 was reclassified to construction materials and subsequently recognized as part of project cost.

On December 31, 2025, the Company recognized additional computer system amounting to ₱114,850, which relates to its payroll system.

The amount of depreciation charged to general and administrative expenses for the years ended December 31, 2025 and 2024 amounted to ₱16,173,656 and ₱12,189,668, respectively (Note 28).

In 2024, the Parent Company reclassified construction tools from Inventories to Property and Equipment. Accordingly, the related cost was recognized as part of the opening balance of fixed assets as at January 1, 2024. The related accumulated depreciation amounting to ₱11,027,731, which had been omitted in prior years, was recognized during the year. While, the depreciation expense relating to these construction tools was directly recognized as part of the project cost.

Certain properties were pledged or mortgaged as collateral to secure some of the Group's loans (see Note 17).

As of December 31, 2025 and 2024, there are no indication of any impairment loss on the carrying amount of property and equipment since its recoverable amount exceeds its carrying amount.

**NOTE 14 – OTHER NON – CURRENT ASSETS**

As of December 31, the account consists of:

| Particulars                   | 2025                | 2024                |
|-------------------------------|---------------------|---------------------|
| Refundable deposits           | ₱ 10,118,855        | ₱ 10,204,135        |
| Deferred tax assets (Note 29) | 6,247,123           | 9,509,404           |
| Security deposits             | 1,414,298           | 1,414,298           |
| Other deposits                | 9,408,000           | 9,408,000           |
| Total                         | ₱ <u>27,188,276</u> | ₱ <u>30,535,837</u> |

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

Other deposit pertains to computer software that is still in development phase.

**NOTE 15 – ACCOUNTS AND OTHER PAYABLES**

As of December 31, the account consists of:

| Particulars            | 2025                 | 2024                 |
|------------------------|----------------------|----------------------|
| Trade payables         | ₱ 98,229,074         | ₱ 139,460,458        |
| Retention payable      | 54,327,235           | 37,109,687           |
| Government liabilities | 31,908,859           | 3,389,203            |
| Accrued expenses       | 1,018,125            | -                    |
| Other liabilities      | 1,638,835            | 17,448,084           |
| Total                  | ₱ <u>187,122,128</u> | ₱ <u>197,407,432</u> |

*Trade payables*

Trade payables represent 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.

*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.

*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 payment to buyer for refund of construction bond, Meralco services and installment payment made by the buyer subject to the provision of Republic Act 6552 (Realty Instalment Buyer Protection Act), various non-trade dues from utilities, professional fees and other services.

**NOTE 16 – CONTRACT LIABILITIES**

As of December 31, 2025 and 2024, the account amounting to ₱15,536,238 and ₱38,015,175 respectively.

Contract liabilities represent the payments of buyers which do not qualify yet for revenue recognition as real estate sales and any excess of collections over the recognized revenue on sale of real estate inventories. The movement

in contract liabilities is mainly due to reservation sales and advance payment of buyers less real estate sales recognized upon reaching the buyer's equity threshold and from increase in percentage of completion of projects.

|                                       |
|---------------------------------------|
| <b>NOTE 17 – LOANS AND BORROWINGS</b> |
|---------------------------------------|

As of December 31, the account consists of:

*Loan agreements with local banks*

These loans were obtained to augment the Group's funding for its operations. The outstanding balances of the account are as follows:

| Lending institution                    | Interest Rate  | Terms    | Security | 2025                          |
|--|----------------|----------|----------|-------------------------------|
| <b>Current</b>                         |                |          |          |                               |
| Financing (Individual and Corporation) | 11.00%-15.00%  | 1 year   | Secured  | ₱ 219,000,000                 |
| China Banking Corporation              | 7.63%          | 3 months | Secured  | 48,663,398                    |
| China Banking Corporation              | 7.41%          | 4 years  | Secured  | 21,666,667                    |
| China Banking Corporation              | 8.65%          | 10 years | Secured  | 2,032,057                     |
| China Banking Corporation - CTS        | 7.50%          | 5 years  | Secured  | 8,003,326                     |
| Sterling Bank of Asia                  | 10.50%         | 5 years  | Secured  | 10,790,867                    |
| Sterling Bank of Asia - CTS            | 9.00% - 11.00% | 5 years  | Secured  | 33,633,461                    |
| Security Bank Corporation              | 8.00%          | 5 years  | Secured  | 95,531,914                    |
| Security Bank Corporation              | 7.75%          | 3 months | Secured  | 120,000,000                   |
| Security Bank Corporation - CTS        | 7.50%-8.00%    | 2 years  | Secured  | 543,398,040                   |
| Land Bank of the Philippines           | 6.50%          | 3 years  | Secured  | 20,000,000                    |
| Asia United Bank                       | 8.30%          | 3 years  | Secured  | 8,230,194                     |
| Subtotal                               |                |          |          | ₱ <u>1,130,949,924</u>        |
| <b>Noncurrent</b>                      |                |          |          |                               |
| Financing (Individual and Corporation) | 11.00%-12.50%  | 2 years  | Secured  | ₱ 245,000,000                 |
| China Banking Corporation              | 7.41%          | 4 years  | Secured  | 37,916,667                    |
| China Banking Corporation              | 8.65%          | 10 years | Secured  | 3,721,483                     |
| China Banking Corporation - CTS        | 7.50%          | 5 years  | Secured  | 11,404,332                    |
| Sterling Bank of Asia                  | 10.50%         | 5 years  | Secured  | 22,965,973                    |
| Sterling Bank of Asia - CTS            | 9.00% - 11.00% | 5 years  | Secured  | 536,409,433                   |
| Security Bank Corporation              | 8.00%          | 5 years  | Secured  | 885,336,879                   |
| Security Bank Corporation - CTS        | 7.50%-8.00%    | 5 years  | Secured  | 120,453,887                   |
| Security Bank Corporation              | 11.52%         | 5 years  | Secured  | 674,859                       |
| Land Bank of the Philippines           | 6.50%          | 3 years  | Secured  | 80,000,000                    |
| Asia United Bank                       | 9.25%          | 5 years  | Secured  | 1,458,750                     |
| Subtotal                               |                |          |          | ₱ <u>1,945,342,263</u>        |
| <b>Total</b>                           |                |          |          | <b>₱ <u>3,076,292,187</u></b> |

| Lending institution                    | Interest Rate  | Terms    | Security | 2024                          |
|--|----------------|----------|----------|-------------------------------|
| <b>Current</b>                         |                |          |          |                               |
| Financing (Individual and Corporation) | 12.50%         | 1 year   | Secured  | ₱ 142,900,000                 |
| China Banking Corporation              | 7.63%          | 3 months | Secured  | 48,663,398                    |
| China Banking Corporation              | 7.41%          | 5 years  | Secured  | 5,416,667                     |
| China Banking Corporation              | 8.65%          | 10 years | Secured  | 2,032,123                     |
| China Banking Corporation - CTS        | 7.50%          | 10 years | Secured  | 7,368,702                     |
| Sterling Bank of Asia                  | 10.50%         | 5 years  | Secured  | 9,719,720                     |
| Sterling Bank of Asia                  | 11.00%         | 5 years  | Secured  | 13,685,864                    |
| Sterling Bank of Asia - CTS            | 9.00% - 11.00% | 10 years | Secured  | 30,690,136                    |
| Security Bank Corporation              | 8.00%          | 5 years  | Secured  | 73,125,000                    |
| Security Bank Corporation              | 8.00%          | 4 years  | Secured  | 49,326,241                    |
| Sterling Bank of Asia - CTS            | 9.00% - 11.00% | 10 years | Secured  | 399,601,030                   |
| Asia United Bank                       | 9.25%          | 5 years  | Secured  | 171,657                       |
| Subtotal                               |                |          |          | ₱ <u>782,700,538</u>          |
| <b>Noncurrent</b>                      |                |          |          |                               |
| Financing (Individual and Corporation) | 12.50%         | 2 years  | Secured  | ₱ 35,000,000                  |
| China Banking Corporation              | 7.41%          | 5 years  | Secured  | 59,583,333                    |
| China Banking Corporation              | 8.65%          | 10 years | Secured  | 5,922,812                     |
| China Banking Corporation - CTS        | 7.50%          | 10 years | Secured  | 21,402,384                    |
| Sterling Bank of Asia                  | 10.50%         | 5 years  | Secured  | 33,756,840                    |
| Sterling Bank of Asia                  | 11.00%         | 5 years  | Secured  | 51,314,136                    |
| Sterling Bank of Asia - CTS            | 9.00% - 11.00% | 10 years | Secured  | 414,167,850                   |
| Security Bank Corporation              | 8.00%          | 5 years  | Secured  | 163,125,000                   |
| Security Bank Corporation              | 8.00%          | 4 years  | Secured  | 110,035,461                   |
| Security Bank Corporation - CTS        |                |          |          | 50,033,516                    |
| Asia United Bank                       | 8.30%          | 3 years  | Secured  | 29,253,602                    |
| Asia United Bank                       | 9.25%          | 5 years  | Secured  | 543,150                       |
| Subtotal                               |                |          |          | ₱ <u>974,138,084</u>          |
| Total                                  |                |          |          | ₱ <u><u>1,756,838,622</u></u> |

Details of loans' principal and interests as of December 31, 2025 are as follows:

| Loan institutions                      | Principal              |                      | Total                         |
|--|------------------------|----------------------|-------------------------------|
|  | General                | Specific             |                               |
| Financing (Individual and Corporation) | ₱ 434,000,000          | ₱ 30,000,000         | ₱ <b>464,000,000</b>          |
| China Banking Corporation              | 108,246,732            | 25,161,198           | <b>133,407,930</b>            |
| Sterling Bank of Asia                  | 420,470,043            | 183,329,692          | <b>603,799,735</b>            |
| Security Bank Corporation              | 1,719,923,737          | 44,796,983           | <b>1,764,720,720</b>          |
| Security Bank Corporation              | -                      | 674,859              | <b>674,859</b>                |
| Land Bank of the Philippines           | 100,000,000            | -                    | <b>100,000,000</b>            |
| Asia United Bank                       | -                      | 9,688,944            | <b>9,688,944</b>              |
| Total                                  | ₱ <u>2,782,640,512</u> | ₱ <u>293,651,676</u> | ₱ <u><b>3,076,292,188</b></u> |

| Loan institutions                      | Borrowing cost       |                       | Total                |
|--|----------------------|-----------------------|----------------------|
|  | Capitalized          | Recognized as expense |                      |
| Financing (Individual and Corporation) | ₱ 13,561,577         | ₱ 7,128,954           | ₱ 20,690,531         |
| China Banking Corporation              | 8,871,963            | 1,581,447             | 10,453,410           |
| Sterling Bank of Asia                  | 59,125,273           | 9,556,751             | 68,682,024           |
| Security Bank Corporation              | 88,463,831           | 3,560,638             | 92,024,469           |
| Security Bank Corporation              | -                    | 13,295                | 13,295               |
| Asia United Bank                       | -                    | 1,865,762             | 1,865,762            |
| <b>Total</b>                           | <b>₱ 170,022,644</b> | <b>₱ 23,706,847</b>   | <b>₱ 193,729,491</b> |

Details of loans' principal and interests as of December 31, 2024 are as follows:

| Loan institutions                      | Principal              |                      | Total                  |
|--|------------------------|----------------------|------------------------|
|  | General                | Specific             |                        |
| Financing (Individual and Corporation) | ₱ 149,900,000          | ₱ 28,000,000         | ₱ 177,900,000          |
| China Banking Corporation              | 113,663,398            | 36,726,021           | 150,389,419            |
| Sterling Bank of Asia                  | 330,806,923            | 222,527,624          | 553,334,547            |
| Security Bank Corporation              | 795,212,731            | 50,033,516           | 845,246,247            |
| Asia United Bank                       | -                      | 29,968,409           | 29,968,409             |
| <b>Total</b>                           | <b>₱ 1,389,583,052</b> | <b>₱ 367,255,570</b> | <b>₱ 1,756,838,622</b> |

| Loan institutions                      | Borrowing cost       |                       | Total                |
|--|----------------------|-----------------------|----------------------|
|  | Capitalized          | Recognized as expense |                      |
| Financing (Individual and Corporation) | ₱ 6,812,445          | ₱ 563,759             | ₱ 7,376,204          |
| China Banking Corporation              | 5,049,426            | 2,506,032             | 7,555,458            |
| Sterling Bank of Asia                  | 44,443,701           | 16,802,885            | 61,246,586           |
| Security Bank Corporation              | 40,783,112           | 1,038,933             | 41,822,045           |
| Asia United Bank                       | -                    | 8,051,518             | 8,051,518            |
| ArqCapital SME Finance, Inc.           | 6,105,557            | -                     | 6,105,557            |
| Bank of the Philippine Islands         | -                    | 1,895,012             | 1,895,013            |
| Cebuana Lhuillier Rural Bank, Inc.     | 1,789,266            | 93,809                | 1,883,075            |
| <b>Total</b>                           | <b>₱ 104,983,507</b> | <b>₱ 30,951,948</b>   | <b>₱ 135,935,456</b> |

As of December 31, 2025 and 2024, the Parent incurred total borrowing costs amounting to ₱185,091,310 and ₱123,009,309, respectively. In accordance with PAS 23 Borrowing Costs, a portion of these costs amounting to ₱170,022,644 and ₱104,983,507 was capitalized as part of the cost of qualifying assets, which relate primarily to the Parent's land acquisitions and real estate properties under development for sale, where borrowing costs are directly attributable to the acquisition and development of such assets.

The remaining ₱23,706,846 and ₱30,951,948 was recognized as interest expense in profit or loss as these borrowing costs were not directly attributable to qualifying assets during the period and therefore did not meet the criteria for capitalization under PAS 23. (Note 26)

#### Bridge Loan – Financing and Individual Corporation

In the third quarter of 2024, the Group availed a bridge loan from various individuals and corporations to be used exclusively to partially finance its land acquisition activities, with details as follows:

On October 17, 2024, the Group borrowed a loan amounting to ₱35,000,000 with a term of one (1) year and an interest rate of 12.5%. The loan is secured by share collaterals owned by and registered under the names of each or both of Terence Restituto D. Madlambayan and Rachel D. Madlambayan, particularly, the 63,000,000 shares.

On October 28, 2024, the Group borrowed a loan amounting to ₱20,000,000 with a term of one (1) year and an interest rate of 12.5%. The loan is secured by share collaterals owned by and registered under the name of Terence Restituto D. Madlambayan, particularly, the 25,000,000 shares.

On November 8, 2024, the Group borrowed a loan amounting to ₱8,000,000 with a term of one (1) year and an interest rate of 12.5%. The loan is secured by share collaterals owned by and registered under the name of Terence Restituto D. Madlambayan, particularly, the 10,000,000 shares.

On December 19, 2024, the Group borrowed a loan amounting to ₱20,000,000 with a term of one (1) year and an interest rate of 12.5%. The loan is secured by share collaterals owned by and registered under the name of Rachel D. Madlambayan, particularly, the 25,000,000 shares.

#### Asia United Bank - Term Loan

On February 10, 2023, the Group obtained a Credit Facility One (1) from Asia United Bank amounting to ₱60,000,000 with three (3) years term maturing on April 16, 2026. Where the first drawn dated April 14, 2023 amounting to ₱50,000,000 and the final release of ₱10,000,000 dated August 16, 2023. Secured with a registered real estate mortgage over two (2) properties located at Celestis 1 Lot 4-B along Buliran Road, Brgy. San Luis, Antipolo Rizal and Celestis 2 Lot 2 along Buliran Road, Brgy. San Luis, Antipolo, Rizal together with all improvements/appurtenant thereto, under Transfer Certificate of Title (or its subdivided titles) No. 163-2018007548 (5.25sqm) and Transfer Certificate of Title (or its subdivided titles) No. 163-2018008000 (7,963sqm) named under the Company and Comprehensive Surety Agreement executed by Maria Rachel Madlambayan.

#### China Banking Corporation

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

##### *Straight Loan*

In December 2024, the Parent Company obtained a straight loan from China Bank amounting to ₱35,000,000 and ₱15,000,000 with maturity due at March 3, 2025. The loan has an interest rate of 7.63%.

##### *Term Loan*

On August 21, 2024, the Group secured a term loan facility from China Banking Corporation of up to ₱100,000,000. The proceeds shall be used to partially finance the land acquisition cost for the 1.65-hectares Amberwood Project and to partially finance the land development cost. On September 9, 2024 the initial drawdown was made amounting to ₱65,000,000 with a term of four (4) years and interest rate of 7.4069% to partially finance the land acquisition cost for the Project. Secured with mortgaged properties as a collateral under TCT No.: T-93608 and (060-T-94742) 170-0002896 with a lot area of 10,000 sqm and 6,486 sqm, respectively.

##### *Contract to Sell Purchase Facility*

On July 27, 2018, the Group 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 Group 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:

##### *Contract to Sell Purchase Facility*

On July 27, 2018, THI 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 THI's buyers under their respective Contracts to Sell (CTS). Whereas in consideration for the bank, THI 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 THI.

#### Sterling Bank of Asia

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

##### *Term Loan*

On October 26, 2023, the Parent Company obtained a term loan from Sterling Bank amounting to ₱45,000,000 payable in sixty (60) months inclusive of one (1) year grace period on principal, with the purpose to reimburse the acquisition cost of the 16,041 sqm lot area located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo

City, Rizal. The loan has an interest rate based on prevailing bank rate, fixed for one (1) year and subject to annual repricing.

A Real Estate Mortgage amounting to ₱45,000,000 was registered as a collateral for the titles: TCT Nos. 163-2019001804, 163-2019001803 and 163-2023000429 to be transferred in the name of the Parent Company.

On December 11, 2023, the Parent Company obtained another term loan from Sterling Bank amounting to ₱65,000,000 payable in sixty (60) months inclusive of one (1) year grace period on principal, with the purpose to reimburse the acquisition cost of the 26,030 sqm lot area located within Brgy. San Antonio, Biñan City, Laguna. The loan has an interest rate based on prevailing bank rate, fixed for one (1) year and subject to annual repricing.

A Real Estate Mortgage amounting to ₱65,000,000 was registered as a collateral for the title (or its subdivided titles): TCT No. 170-2023004067 covering 26,030 sqm named under the Parent Company.

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

On March 12, 2019, the Parent 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 Celestis 1 and 2, Eastview Premiere and The Granary. 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. On December 7, 2023, the bank granted line increased in the amount of ₱100,000,000 having the Parent Company total amount of ₱200,000,000 Contract-to-Sell Financing Line (with recourse).

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

#### *Contract-to-Sell Financing Line*

On March 12, 2019, THI 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 Southview Homes – Calendola. 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. On December 7, 2023, the bank granted line increased in the amount of ₱100,000,000 having the Parent Company total amount of ₱200,000,000 Contract-to-Sell Financing Line (With Recourse).

#### Security Bank – Term Loan

On May 23, 2023, the Parent Company obtained a term loan from Security Bank Corporation amounting to ₱70,000,000 with five (5) years term inclusive of one (1) year grace period on principal, with the purpose to partially reimburse property under Cluster A located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna. The loan has a prevailing bank lending rate, subject to periodic pricing to be set on either monthly, quarterly, semi-annual or annual basis.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 445 and License to Sell No. 1556 on July 21, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary (Phase 1) with 260 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster A): T-534315 to T-534320, T-534322 to T-534326, T-534328 to T-534333, T-534361 to T-534477, T-534795 to T-534797, T-2023001600, T-534815 to T-534821, T-534321, T-534327, T-534903, T-534916 to T-534918.

On December 22, 2024, the Parent Company obtained another term loan from Security Bank Corporation amounting to ₱200,000,000 with five (5) years term inclusive of one (1) year grace period on principal, with the purpose to partially reimburse its additional 7.5-hectare property under Cluster B to D located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna. The loan has a prevailing bank lending rate, subject to periodic pricing to be set on either monthly, quarterly, semi-annual or annual basis.

On April 2, 2024, the Parent Company obtained a term loan from Security Bank Corporation amounting to ₱80,000,000 with five (5) years term. The loan has an interest rate of 8%.

On June 28, 2024, the Parent Company obtained a term loan from Security Bank Corporation amounting to ₱100,000,000 with five (5) years term. The loan has an interest rate of 8%.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster B to D):

Cluster B T-534478 to T-534508, T-5345109, T-534510 to T-534567, T-534569, T-534571, T-534573, T-534575, T-534577, T-534579, T-534581, T-534583, T-534585, T-534587, T-534589, T-534593, T-534595, T-534597, T-534599, T-534601 to T-534602, T-534604, T-534606, T-534608 to T-534610, T-534612, T-534591, T-534899 to T-534901, T-534904 to T-534906

Cluster C T-534568, T-534570, T-534572, T-534574, T-534576, T-534578, T-534580, T-534582, T-534584, T-534586, T-534588, T-534590, T-534592, T-534594, T-534596, T-534598, T-534600, T-534603, T-534605, T-534607, T-534611, T-534613 to T-534637, T-534638 to T-534689, T-534690, T-534714, T-534716, T-534718, T-534720, T-534722, T-534724, T-534726, T-534728, T-534730, T-534732, T-534734, T-534736, T-534740, T-534742, T-534744, T-534746, T-534748, T-534750, T-534752, T-534754, T-534756, T-534758, T-534760, T-534738, T-534907 to T-534909, T-170-2023001598 to T-170-2023001599

Cluster D T-534715, T-534717, T-534719, T-534721, T-534723, T-534725, T-534727, T-534729, T-534731, T-534733, T-534735, T-534737, T-534739, T-534741, T-534743, T-534745, T-534747, T-534749, T-534751, T-534753, T-534755, T-534757, T-534759, T-534761 to T-534774, T-534798 to T-534814, T-534775 to T-534794, T-534822 to T-534898, T-534902, T-534910 to T-534915, T-534919

#### Security Bank Corporation - Contract to Sell Credit Facility

On June 19, 2024, the Parent Company has been approved by Security Bank Corporation of a Purchase of Contract Receivables under Contract to Sell with Recourse for regular/in-house and bridge financing in the amount of ₱500,000,000, for the purpose of liquefying receivables from all their residential projects. Collateral documents for the financing are the Deed of Purchase of Receivables and Contract to Sell. The term for regular/in-house financing is co-terminus with the maturity of the CTS or maximum of fifteen (15) years, whichever comes early. Repayment shall be made in equal monthly amortization of principal and interest. The maximum term for bridge financing is twenty-four (24) months payable in interest only while receivables are being bridged finance on a monthly basis. The entire principal is payable upon conversion to home loan or at the end of the term, whichever comes earlier.

Finance costs arising from these loans amounted to ₱23,706,846, ₱30,951,948, and ₱17,944,743 for the years ended December 31, 2025, 2024 and 2023, respectively. These costs were recognized as an expense in the statement of comprehensive income and are reported under interest expense (Note 26).

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

#### **NOTE 18 – DEFINED BENEFIT OBLIGATION**

The Group does not maintain a 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.

The obligation status and amounts recognized under retirement obligation account in the consolidated statements of financial position for the retirement plan as of December 31, 2025 and 2024 are as follows:

| Particulars                         | 2025                | 2024                |
|-------------------------------------|---------------------|---------------------|
| Present value of benefit obligation | ₱ 15,059,836        | ₱ 12,703,551        |
| Fair value of plan assets           | -                   | -                   |
| Deficit                             | 15,059,836          | 12,703,551          |
| Effect of asset ceiling             | -                   | -                   |
| Liability to be recognized          | ₱ <u>15,059,836</u> | ₱ <u>12,703,551</u> |

Net plan costs for the year are as follows:

| Particulars   | 2025               | 2024               |
|---|--------------------|--------------------|
| Current service cost  | ₱ 2,560,363        | ₱ 2,412,820        |
| Net interest cost   | 775,270            | 431,833            |
| Benefits paid   | -                  | -                  |
| Net plan cost to be recognized on profit or loss                    | <u>3,335,633</u>   | <u>2,844,653</u>   |
| Actuarial (gain)/loss   | (979,348)          | 2,764,286          |
| Changes in the effect of asset ceiling                              | -                  | -                  |
| Re-measurement on plan assets                                       | -                  | -                  |
| Total (gain) loss to be recognized on other comprehensive income    | <u>(979,348)</u>   | <u>2,764,286</u>   |
| Net plan cost (gain) to be recognized on total comprehensive income | ₱ <u>2,356,285</u> | ₱ <u>5,608,939</u> |

Changes in the present value of the defined benefit obligation are as follows:

| Particulars              | 2025                | 2024                |
|--------------------------|---------------------|---------------------|
| At beginning of the year | ₱ 12,703,551        | ₱ 7,094,630         |
| Interest cost            | 775,270             | 431,833             |
| Current service cost     | 2,560,363           | 2,412,802           |
| Benefits paid            | -                   | -                   |
| Actuarial (gain)/loss    | <u>(979,348)</u>    | 2,764,286           |
| At end of the year       | ₱ <u>15,059,836</u> | ₱ <u>12,703,551</u> |

Changes in the fair value of plan assets are as follows:

| Particulars                  | 2025 | 2024 |
|------------------------------|------|------|
| At beginning of the year     | ₱ -  | ₱ -  |
| Interest                     | -    | -    |
| Contributions                | -    | -    |
| Benefits paid                | -    | -    |
| Re-measurement on plan asset | -    | -    |
| At end of the year           | ₱ -  | ₱ -  |

The principal assumptions used in determining retirement benefits are as follows:

| Particulars          | 2025  | 2024  |
|----------------------|-------|-------|
| Discount rate        | 6.48% | 6.08% |
| Salary increase rate | 6.00% | 6.00% |

Assumptions regarding future mortality are based on published statistics and mortality tables. The average working life expectancy of an individual retiring at the age of 60 is 20 years of both male and female.

#### NOTE 19 – RELATED PARTY TRANSACTIONS

In the normal course of business, the Group has transactions and balances with its related parties. All material related party transactions are subject to approval by the BOD. Material related party transactions pertain to those transactions, either individually or in aggregate over a 12-month period, that exceed 10% of the Group's total assets based on the latest audited financial statements. All other related party transactions that are considered not material are approved by management.

Significant transactions with related parties as of December 31, are as follows:

##### December 31, 2025

| Related Party               | Transactions  | Outstanding Balance | Nature  | Terms and Conditions  |
|-----------------------------|---------------|---------------------|---|---|
| Advances from related party |               |                     |   |   |
| Stockholders                | (3,982,087)   | 169,946,632         | Advances for working capital purposes; Deposits for future stock subscription | Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash |
|                             | ₱ (3,982,087) | ₱ 169,946,632       |   |   |

##### December 31, 2024

| Related Party               | Transactions  | Outstanding Balance | Nature  | Terms and Conditions  |
|-----------------------------|---------------|---------------------|---|---|
| Advances from related party |               |                     |   |   |
| Stockholders                | (3,870,146)   | 173,928,719         | Advances for working capital purposes; Deposits for future stock subscription | Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash |
|                             | ₱ (3,870,146) | ₱ 173,928,719       |   |   |

##### *Receivable from and payable to affiliates and stockholders*

Receivable from and payable to affiliates represent trade receivables and payables in ordinary course of business. These are unsecured, non-interest bearing, cash settlement and are payable upon mutual agreement of both parties.

*Compensation of Key Management Personnel*

Key management compensation amounted as of December 31, 2025, 2024 and 2023 amounted to ₱50,886,924, ₱43,750,881, and ₱16,072,050, respectively.

**NOTE 20 – SHARE CAPITAL**

As of December 31, the account consists of:

| Particulars   | 2025                 |                        | 2024                 |                        |
|---|----------------------|------------------------|----------------------|------------------------|
|   | No. of shares        | Amount                 | No. of shares        | Amount                 |
| Authorized ₱1.00 par<br>Balance at beginning<br>and end of year   | <u>2,500,000,000</u> | <u>₱ 2,500,000,000</u> | <u>2,500,000,000</u> | <u>₱ 2,500,000,000</u> |
| Issued and Outstanding<br>Balance at beginning<br>and end of year | <u>2,500,000,000</u> | <u>₱ 2,500,000,000</u> | <u>2,000,000,000</u> | <u>₱ 2,000,000,000</u> |

*Issuance of Capital Stock*

On December 23, 2021, the SEC approved the Initial Public Offering of the Company of 500,000,000 common shares at an Offer Price of ₱1.50, with a par value of ₱1.00 per share. Offer shares were approved for listing on January 17, 2022.

*Listing Under Small, Medium and Emerging Board (SME) of the PSE*

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 Parent Company completed its IPO and was listed in the PSE under the stock symbol "HTI".

**NOTE 21 – SHARE PREMIUM**

As of December 31, the movements of additional paid-in capital are as follows:

|   | 2025                 | 2024                 |
|---|----------------------|----------------------|
| At January 1  | ₱ 218,849,628        | ₱ 218,849,628        |
| Share premium on common shares issued during the year |                      |                      |
| Gross proceeds  | -                    | -                    |
| Less: Directly attributable issuance costs            | -                    | -                    |
| Par value of issued shares                            | -                    | -                    |
| Subtotal  | <u>218,849,628</u>   | <u>218,849,628</u>   |
| End   | <u>₱ 218,849,628</u> | <u>₱ 218,849,628</u> |

Share premium arises when the amount subscribed is in excess of nominal value.

**NOTE 22 – RETAINED EARNINGS**

This account consists of cumulative balance of periodic earnings and prior period adjustments, if any.

As of December 31, the account consists of the following:

| Particulars             | 2025                   | 2024                   |
|-------------------------|------------------------|------------------------|
| Beginning balance       | ₱ 1,087,987,235        | ₱ 771,173,737          |
| Dividend declaration    | (75,000,000)           | (50,000,000)           |
| Net income for the year | <u>359,393,215</u>     | <u>366,813,498</u>     |
| Ending balance          | <u>₱ 1,372,380,450</u> | <u>₱ 1,087,987,235</u> |

The Group's Board of Directors approved and declared a cash dividend on October 14, 2025 in the total amount of ₱75,000,000 equivalent to ₱0.03 per share. The cash dividend was taken from the unrestricted retained earnings of the Corporation as of December 31, 2024 as was made available to all stockholders of record as of November 17, 2025, and was paid on December 10, 2025.

The Group's Board of Directors approved and declared a cash dividend on October 9, 2024 in the total amount of ₱50,000,000 equivalent to ₱0.02 per share. The cash dividend was taken from the unrestricted retained earnings of the Corporation as of December 31, 2023 as was made available to all stockholders of record as of November 8, 2024, and was paid on December 2, 2024.

The Group's Board of Directors approved and declared a cash dividend on October 16, 2023 in the total amount of ₱27,688,772 equivalent to ₱0.011 per share. The cash dividend was taken from the unrestricted retained earnings of the Parent as of December 31, 2022 as was made available to all stockholders of record as of November 8, 2023, and was paid on December 5, 2023.

On September 27, 2023, THI (Subsidiary)'s BOD declared cash dividend amounting to ₱20,477,240 for all stockholders qualified on records as of December 31, 2023. The cash dividend was paid on September 30, 2023 at the rate of ₱1 per common share owned by the qualified stockholders.

**NOTE 23 – REAL ESTATE SALES**

For the years ended December 31, 2025, 2024 and 2023, the account consists of residential house and lot amounting to ₱1,401,217,951, ₱1,401,027,855, and ₱1,011,106,834, respectively.

As of December 31, the Group derives its revenues primarily from the sale of residential units, including customized or constructed goods for retail customers.

Revenue is disaggregated as follows:

| Particulars       | 2025                   | 2024                   | 2023                   |
|-------------------|------------------------|------------------------|------------------------|
| Residential units | ₱ 1,179,594,710        | ₱ 1,334,912,100        | ₱ 742,469,450          |
| Home improvements | <u>221,623,241</u>     | <u>66,115,755</u>      | <u>268,637,384</u>     |
| Total             | <u>₱ 1,401,217,951</u> | <u>₱ 1,401,027,855</u> | <u>₱ 1,011,106,834</u> |

Further disaggregation based on timing of recognition:

| Particulars                   | 2025                   | 2024                   | 2023                   |
|-------------------------------|------------------------|------------------------|------------------------|
| Recognized over time          | ₱ 1,179,594,710        | ₱ 1,334,912,100        | ₱ 742,469,450          |
| Recognized at a point in time | <u>221,623,241</u>     | <u>66,115,755</u>      | <u>268,637,384</u>     |
| Total                         | <u>₱ 1,401,217,951</u> | <u>₱ 1,401,027,855</u> | <u>₱ 1,011,106,834</u> |

**NOTE 24 – OTHER OPERATING INCOME**

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

| Particulars                   | 2025         | 2024         | 2023         |
|-------------------------------|--------------|--------------|--------------|
| Interest - in house financing | ₱ 11,209,696 | ₱ 10,716,075 | ₱ 14,863,025 |
| Forfeiture                    | 630,000      | 510,000      | 1,460,000    |
| Miscellaneous                 | 1,352,549    | 1,264,933    | 1,826,023    |
| Total                         | ₱ 13,192,245 | ₱ 12,491,008 | ₱ 18,149,048 |

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

**NOTE 25 – COST OF REAL ESTATE SALES**

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

| Particulars           | 2025          | 2024          | 2023          |
|-----------------------|---------------|---------------|---------------|
| Land cost development | ₱ 204,099,591 | ₱ 202,192,693 | ₱ 234,124,261 |
| Construction cost     | 529,280,980   | 536,364,761   | 318,270,946   |
| Other cost            | 30,949,697    | 34,047,388    | 29,887,014    |
| Total                 | ₱ 764,330,268 | ₱ 772,604,842 | ₱ 582,282,221 |

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

**NOTE 26 – FINANCE COST – NET**

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

| Particulars                  | 2025           | 2024           | 2023            |
|------------------------------|----------------|----------------|-----------------|
| Interest income – bank       | ₱ 42,415       | ₱ 65,047       | ₱ 59,432        |
| Interest expense:            |                |                |                 |
| Retirement benefit (Note 20) | (775,270)      | (431,833)      | (1,051,006)     |
| Loans                        | (23,706,846)   | (30,951,948)   | (17,944,743)    |
| CTS                          |                | (152,480)      | -               |
| Right-of-use                 |                |                |                 |
| Subtotal                     | (24,482,116)   | (31,536,261)   | (18,995,749)    |
| Net                          | ₱ (24,439,701) | ₱ (31,471,214) | ₱ (18,936,317)) |

Finance costs consist of interest expense on borrowings and other financing charges.

Interest expense is recognized using the effective interest method. As of December 31, 2025, 2024 and 2023 the total borrowing costs recognized as expense amounting to ₱23,706,846, ₱30,951,948 and ₱17,944,743, respectively.

The Group capitalize borrowing costs for the year 2025 and 2024 amounting to ₱170,022,644 and ₱104,983,507, respectively. (Note 17)

**NOTE 27 – SELLING EXPENSES**

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

| Particulars               | 2025                | 2024                | 2023                |
|---------------------------|---------------------|---------------------|---------------------|
| Commissions               | ₱ 62,531,864        | ₱ 44,168,587        | ₱ 43,533,549        |
| Advertising and promotion | <u>8,116,896</u>    | <u>21,106,282</u>   | <u>14,989,204</u>   |
| Total                     | <u>₱ 70,648,760</u> | <u>₱ 65,274,869</u> | <u>₱ 58,522,753</u> |

**NOTE 28 – GENERAL AND ADMINISTRATIVE EXPENSES**

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

| Particulars                                     | 2025                 | 2024                 | 2023                 |
|---|----------------------|----------------------|----------------------|
| Salaries, wages and allowances                  | ₱ 75,730,107         | ₱ 94,250,215         | ₱ 62,949,811         |
| Depreciation (Note 13)                          | 16,173,656           | 12,189,668           | 11,254,445           |
| Taxes and licenses                              | 12,563,379           | 14,834,252           | 10,095,687           |
| Processing, registration, and certification fee | 10,770,086           | 13,530,773           | 14,972,488           |
| Repairs and maintenance                         | 10,620,704           | 3,420,764            | 876,929              |
| Professional fees                               | 6,671,616            | 12,646,775           | 8,164,072            |
| Insurance expense                               | 4,139,807            | 483,326              | 245,071              |
| Dues, subscriptions and donations               | 3,447,243            | 2,936,372            | 1,155,897            |
| Utilities                                       | 2,833,857            | 2,390,642            | 1,805,655            |
| Retirement expense                              | 2,560,363            | 2,412,802            | 1,846,485            |
| Rent expense (Note 31)                          | 1,481,845            | 1,020,534            | 545,726              |
| Stationery and office supplies                  | 1,386,621            | 1,254,274            | 908,113              |
| Transportation and travel                       | 1,103,225            | 911,472              | 869,473              |
| Provision for expected credit losses (Note 9)   | 645,495              | -                    | -                    |
| Miscellaneous expenses                          | <u>22,421,365</u>    | <u>18,794,277</u>    | <u>9,994,158</u>     |
| Total   | <u>₱ 172,549,369</u> | <u>₱ 181,076,146</u> | <u>₱ 125,684,010</u> |

Miscellaneous expenses comprise administrative expenses, other processing, registration and certification fees, notarization fees, bank charges, and other related incidental expenses.

**NOTE 29 – INCOME TAXES**

On January 5, 2024, Ease of Paying Taxes (EOPT) Act was passed into law. The EOPT Act introduced significant amendments to the National Internal Revenue Code of 1997 (“The Code”) which are intended to protect and safeguard taxpayer rights and welfare to modernize tax administration by providing mechanisms that encourage easy compliance at the best cost and resources, and to update the tax system and adopt best practices.

The amendments include the following:

- File and pay anywhere mechanism. Taxes shall be paid either electronically or manually at the time the return is filed.
- Classification of taxpayers into micro, small, medium and large taxpayers.
- Withholding of tax on income payments only when payable.
- Imposing value-added tax (VAT) on services, based on gross sales, no longer on gross receipts.
- VAT invoices are sufficient to substantiate input VAT arising from the purchase at both goods and services.
- Removal of “business style” as a VAT invoicing requirement.
- Removal of withholding tax as requirement for deductibility of income payments.

On November 8, 2024, the President signed the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act into law (Republic Act No. 12066). The CREATE MORE Act aims to generate jobs and spur economic growth. It builds on the earlier CREATE Act by enhancing the tax regime and incentive framework to attract both domestic and international investments, particularly, in strategic industries. The features include:

- Registered business enterprises under the Enhanced Deduction Regime subject to the 20% corporate income tax rate
- Sales to export-oriented enterprises (70% export sales) Value-Added Tax (VAT) zero-rated if directly attributable to export activities
- Export sales as defined under Executive Order No. 226 generally omitted from enumeration of VAT zero-rated sales
- Sales to bonded manufacturing warehouses of export-oriented enterprises are VAT zero-rated
- Additional due process requirements in the processing of input VAT refund claims
- Mandatory issuance of electronic invoices (e-Invoices) for certain taxpayers
- Additional deduction for micro/small taxpayers and medium/large using e-Invoices
- The 5% Special Corporate Income Tax is in lieu of all taxes including local fees and charges
- Additional deductions for export and domestic market enterprises under the Enhanced Deductions Regime
- Local government units may impose local taxes on RBEs up to 2% of gross income

Tax expense (benefit) consists of the following:

| Particulars         | 2025              | 2024        | 2023       |
|---------------------|-------------------|-------------|------------|
| Current tax expense | <b>19,786,602</b> | 2,272,246   | 21,212,853 |
| Deferred tax income | <b>3,262,281</b>  | (5,993,949) | 443,272    |
| Income tax expense  | <b>23,048,883</b> | (3,721,703) | 21,656,125 |

In 2024, the current tax expense amounting to ₱2,272,246 represents THI's regular corporate income tax. Furthermore, the Parent and LDC incurred losses during the year, resulting in deferred minimum corporate income tax and additional net operating loss carryover, respectively.

The detailed computation of the normal corporate income tax expense (benefit) for the years ended December 31, is as follows:

| Particulars   | 2025                 | 2024          | 2023          |
|---|----------------------|---------------|---------------|
| Income before tax                                     | ₱ <b>383,935,431</b> | ₱ 363,091,793 | ₱ 264,303,041 |
| Add (Deduct) reconciling items:                       |                      |               |               |
| Permanent difference:                                 |                      |               |               |
| Net income of tax-exempt housing projects*            | <b>(292,752,955)</b> | (374,546,395) | (162,317,471) |
| Income subject to final tax                           | <b>(42,416)</b>      | (65,048)      | (20,531,894)  |
| Nondeductible expenses                                | <b>10,604</b>        | 16,262        | 5,170,823     |
| Fines and penalties                                   | <b>1,044,866</b>     | 3,931,426     | -             |
| Temporary difference:                                 |                      |               |               |
| Unrealized (realized) customers deposit               | <b>(11,025,415)</b>  | 7,790,954     | (4,552,890)   |
| Retirement expense                                    | <b>3,335,633</b>     | 2,844,635     | 2,779,805     |
| Provision for expected credit losses (Note 9)         | <b>645,495</b>       | -             | -             |
| Deferred NOLCO 2024 applied                           | <b>(5,932,299)</b>   | -             | -             |
| Depreciation and interest expense in effect of PFRS16 | <b>(72,538)</b>      | 72,538        | -             |
| Taxable income  | ₱ <b>79,146,406</b>  | ₱ 3,136,165   | ₱ 84,851,414  |
| Applicable tax rate                                   | <b>25%</b>           | 25%           | 25%           |
| <b>Regular Corporate Income Tax Expense</b>           | ₱ <b>19,786,602</b>  | ₱ 784,041     | ₱ 21,212,853  |

|   |                             |                             |                            |
|---|-----------------------------|-----------------------------|----------------------------|
| Minimum corporate income tax:   |                             |                             |                            |
| Sales   | ₱ 1,401,217,951             | ₱ 1,408,818,809             | ₱ 1,011,106,834            |
| Less: Sales exempt  | <u>(992,500,000)</u>        | <u>(1,277,500,000)</u>      | <u>-</u>                   |
| Taxable sales   | <u>408,717,951</u>          | <u>131,318,809</u>          | <u>(582,282,221)</u>       |
| Cost of sales   | 764,330,286                 | 772,604,843                 | -                          |
| Less: Cost of sales exempt  | <u>(553,500,889)</u>        | <u>(703,668,028)</u>        | <u>-</u>                   |
| Net cost of sales   | <u>210,829,397</u>          | <u>68,936,815</u>           | <u>-</u>                   |
| Gross income  | 197,888,572                 | 62,381,994                  | 428,824,613                |
| Other income  | <u>13,192,246</u>           | <u>12,491,009</u>           | <u>6,554,395</u>           |
| Total income subject to MCIT  | 211,080,818                 | 74,873,003                  | 435,379,008                |
| Applicable tax rate   | <u>2%</u>                   | <u>2%</u>                   | <u>1.50%</u>               |
| <b>Minimum Corporate Income Tax Expense</b>   | <b>₱ <u>4,221,617</u></b>   | <b>₱ <u>1,497,460</u></b>   | <b>₱ <u>9,449,717</u></b>  |
|   | <b>2025</b>                 | <b>2024</b>                 | <b>2023</b>                |
| <b>Income tax due</b>   | <b>₱ <u>19,786,602</u></b>  | <b>₱ <u>2,272,246</u></b>   | <b>₱ <u>21,212,853</u></b> |
| Deferred tax income (expense):  |                             |                             |                            |
| Customer deposit  | ₱ (11,025,145)              | ₱ 10,410,077                | ₱ (4,552,890)              |
| Provision for expected credit losses  | 645,495                     |                             |                            |
| Retirement expense  | 3,335,632                   | 7,560,886                   | 2,779,805                  |
| Deferred NOLCO  | (5,932,299)                 | 5,932,299                   | -                          |
| Leases  | (72,538)                    | 72,538                      | -                          |
| Total   | <u>(13,049,125)</u>         | <u>23,975,800</u>           | <u>(1,773,085)</u>         |
| Applicable tax rate   | <u>25%</u>                  | <u>25%</u>                  | <u>25%</u>                 |
| <b>Deferred Tax Income (Expense)</b>  | <b>₱ <u>(3,262,281)</u></b> | <b>₱ <u>5,993,950</u></b>   | <b>₱ <u>(443,272)</u></b>  |
| <b>Income Tax Expense</b>   | <b>₱ <u>23,048,883</u></b>  | <b>₱ <u>(3,721,703)</u></b> | <b>₱ <u>21,656,125</u></b> |
| <i>*Non-taxable income (cost) from BOI low-cost housing and HLRB socialized housing project</i> |                             |                             |                            |

As of December 31, 2025, 2024 and 2023, the Group's Regular Corporate Income Tax (RCIT) is higher than their Minimum Corporate Income Tax (MCIT), hence being the basis of their tax due.

The movement of deferred tax as of December 31, 2025 and 2024 is as follows:

**December 31, 2025:**

| Particulars                            | Tax Base              |     | Tax Rate           | Tax Effect           |                    |                |
|--|-----------------------|-----|--------------------|----------------------|--------------------|----------------|
|  | Movement              |     |                    | Beginning balance    | Movement           | Ending balance |
| Deferred NOLCO                         | ₱ (5,932,299)         | 25% | ₱ 1,483,075        | ₱ (1,483,075)        | ₱ -                |                |
| Provision for expected credit losses   | 645,495               | 25% | -                  | 161,373              | 161,373            |                |
| Retirement expense                     | 3,335,632             | 25% | 5,251,842          | 833,908              | 6,085,750          |                |
| Unrealized (realized) customer deposit | (11,025,415)          | 25% | 2,756,353          | (2,756,353)          | -                  |                |
| Leases                                 | (72,538)              | 25% | 18,134             | (18,134)             | -                  |                |
| Total                                  | <u>₱ (13,049,125)</u> |     | <u>₱ 9,509,404</u> | <u>₱ (3,262,281)</u> | <u>₱ 6,247,123</u> |                |

December 31, 2024:

| Particulars        | Tax Base     |     | Tax Rate    | Tax Effect        |             |                |
|--------------------|--------------|-----|-------------|-------------------|-------------|----------------|
|                    | Movement     |     |             | Beginning balance | Movement    | Ending balance |
| Deferred NOLCO     | ₱ 5,932,299  | 25% | ₱ -         | ₱ 1,483,075       | ₱ 1,483,075 |                |
| Retirement expense | 7,560,886    | 25% | 3,361,620   | 1,890,222         | 5,251,842   |                |
| Customer deposit   | 10,410,077   | 25% | 153,834     | 2,602,519         | 2,756,353   |                |
| Leases             | 72,538       | 25% | -           | 18,134            | 18,134      |                |
| Total              | ₱ 23,975,800 |     | ₱ 3,515,454 | ₱ 5,993,950       | ₱ 9,509,404 |                |

As of December 31, the income tax payable of the Group is presented as follows:

| Particulars                        | 2025         | 2024          | 2023          |
|------------------------------------|--------------|---------------|---------------|
| Income tax due for the year        | ₱ 21,547,737 | ₱ 2,992,582   | ₱ 21,212,854  |
| Overpayment due to prior year      | (4,996,538)  | (6,611,330)   | -             |
| Quarterly tax payments             | (5,404,907)  | -             | (22,513,154)  |
| Creditable withholding taxes       | (4,237,717)  | (1,377,790)   | (5,311,030)   |
| Deferred NOLCO – 2024              | (1,483,075)  | -             | -             |
| Deferred MCIT – 2024               | (720,336)    | -             | -             |
| Income tax still due (Overpayment) | ₱ 4,705,164  | ₱ (4,996,538) | ₱ (6,611,330) |

#### NOTE 30 – BASIC EARNINGS PER SHARE

As of December 31, the financial information pertinent to the derivation of the basic and diluted earnings per share are as follows:

| Particulars  | 2025          | 2024          | 2023          |
|--|---------------|---------------|---------------|
| Net income attributable to the equity holders of the Company | ₱ 360,372,563 | ₱ 364,049,210 | ₱ 232,613,899 |
| Weighted average number of shares outstanding:               |               |               |               |
| Balance at beginning and end of year                         | 2,500,000,000 | 2,500,000,000 | 2,500,000,000 |
| Total weighted average number of shares outstanding:         | 2,500,000,000 | 2,500,000,000 | 2,500,000,000 |
| Basic/Diluted earnings per share                             | ₱ 0.144       | ₱ 0.147       | ₱ 0.089       |

Diluted earnings per share is equal to the basic earnings per share since the Group does not have potential dilutive shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial reporting date and the date of authorization of these consolidated financial statements.

#### NOTE 31 – SIGNIFICANT COMMITMENTS

##### *Lease Agreement*

Since November 1, 2016, the Group has been using an approximately one hundred fifty-nine (159sqm) square meter office space located at Unit 701 Orient Square Building, along F. Ortigas Center, Pasig City, covered by CCT No. PT 54210 which is gratuitously granted for use by the owner, Miss Noemi D. Madlambayan, a major stockholder of the Company. As discussed in Note 2, the asset pertaining to such lease was classified as a short-term lease and its related rental payments are recognized in profit or loss on a straight-line basis.

Rent expense amounted to ₱1,481,845, ₱1,020,534, and ₱545,726 in 2025, 2024 and 2023, respectively (see Note 28).

#### *Housing and Land Use Regulatory Board*

The Parent Company has registered with the Housing and Land Use Regulatory Board and was issued Certificate of Registration no. 24744 and License to sell on September 18, 2013, for the sale of lots/units/lots with units of their housing project namely Eastview Homes 3 Antipolo with 379 lots and units located at Brgy. San Roque, Antipolo City.

The Certificate of Registration and License to Sell were subsequently amended 029480 and 034564 as a result of the alterations made by the development plan which reduced the saleable lots and units to 377.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 065 and Provisional License to Sell No. 101 on July 30, 2020, for the sale of lots/units/lots with units of their housing project namely Eastview Residences – Premiere with 42 lots and units located at Brgy. San Roque, Antipolo City, Rizal.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 637 and Provisional License to Sell No. 815 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 1 with 36 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 638 and Provisional License to Sell No. 816 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 2 with 58 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 445 and License to Sell No. 1556 on July 21, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary (Phase 1) with 260 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 1682 on November 24, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 2 with 454 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Parent Company has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 571 on June 7, 2024, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 3 with 456 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

THI has registered under Certificate of Registration no. 028698 and approved on August 30, 2017 with the Housing and Land Use Regulatory Board for the license to sell of the saleable lots/units/lots with units of their housing project namely Southview Homes – Sta. Rosa with 261 lots and units located at Brgy. Ibaba, Sta. Rosa City, Laguna.

THI has registered Certificate of Registration no. 028195 and approved on May 10, 2018 with the Housing and Land Use Regulatory Board for the license to sell of the saleable lots/units/lots with units of their housing project namely Southview Homes – Sta. Rosa with 278 lots and units located at Hopeful St., Area 4, Sitio Veterans, Brgy. Bagong Silangan, Quezon City.

THI has registered with the Department of Human Settlements and Urban Development, was granted Provisional Certificate of Registration No. 067 and Provisional License to Sell No. 103 on July 29, 2020 for the sale of lots/units/lots with units of their housing project name Southview Homes – Calendola with 398 lots and unit located at Brgy. Calendola, San Pedro City, Laguna. On September 9, 2022, amended Provisional Certificate of Registration No. 238 and Provisional License to Sell No. 342 was issued due to alteration of Plan and change of housing price ceiling.

#### *Acquisition of Asset*

On September 20, 2024 the Group entered into a Memorandum of Agreement with Liberty Flour Mills, Inc. (the “Seller”) for the purchase of eight (8) contiguous lots constituting 372,201 square meters, in the Province of Rizal for a total contract price of ₱1 Billion.

On the same period, the Group paid an amount of Ten Million Pesos (₱10,000,000.00) as and by way of earnest money.

### **NOTE 32 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group’s principal financial instruments are composed of cash and cash equivalents, receivable and payables. The main purpose of these financial instruments is to raise finances for the Group’s operations. The risks arising from the use of financial instruments are managed through a process of on-going identification, measurement, and monitoring. This process of risk management is critical to the Group's continuing profitability.

The BOD is ultimately responsible for overall risk management approach, monitoring risk exposures, and approving risk mitigation strategies and policies.

The main risks arising from the Group’s financial instruments are interest rate risk, credit risk, and liquidity risk.

#### **32.1 Objectives and policies**

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Interest rate risk
- Liquidity risk
- Credit risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group is cash. This financial instrument is used mainly for working capital management purposes. Trade-related financial assets and financial liabilities of the Group, such as trade and other receivables and trade and other payables, excluding statutory liabilities, arise directly from and are used to facilitate its daily operations.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### **32.2 Interest rate risk**

The Group’s interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group’s interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group follows prudent policies in managing its exposures to interest rate fluctuation, and constantly monitors its exposure to fluctuation in interest rates to estimate the impact of interest rate movements on its interest expense.

As at December 31, 2025 and 2024, only Tradition Homes, Inc. has re-priceable financial instruments subject to variable interest rates but there was no actual repricing that happened in the current and previous years, thus reducing the interest rate risk exposures. The Groups’ interest-bearing loans and borrowings are subject to interest rates ranging from 5.13% to 12.00% and all other financial assets and liabilities are non-interest bearing.

### **32.3 Liquidity risk**

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

|  | <b>December 31, 2025</b>   |                      |                             |                        |
|--|----------------------------|----------------------|-----------------------------|------------------------|
|  | <b>Carrying<br/>Amount</b> | <b>On demand</b>     | <b>Less than 1<br/>Year</b> | <b>Over<br/>1 Year</b> |
| Financial assets at amortized cost:      |                            |                      |                             |                        |
| Cash in bank (Note 8)                    | ₱ 223,943,372              | ₱ 223,943,372        | ₱ -                         | ₱ -                    |
| Receivables – net (Note 9)               | 1,115,127,310              | -                    | 1,115,127,310               | -                      |
| Contract assets (Note 10)                | 765,111,690                | -                    | 674,713,895                 | 90,397,795             |
| Refundable deposits (Note 14)            | 10,118,855                 | -                    | -                           | 10,118,855             |
| <b>Total</b>                             | <b>₱ 2,114,301,227</b>     | <b>₱ 223,943,372</b> | <b>₱ 1,789,841,205</b>      | <b>₱ 100,516,650</b>   |
| Financial liabilities at amortized cost  |                            |                      |                             |                        |
| Accounts and other payables* (Note 15)   | ₱ 155,213,269              | ₱ -                  | ₱ 155,213,269               | ₱ -                    |
| Contract liabilities (Note 16)           | 15,536,238                 | -                    | 15,536,238                  | -                      |
| Loans and borrowings (Note 17)           | 3,076,292,187              | -                    | 1,130,949,924               | 1,945,342,263          |
| Advances from related parties (Note 19)  | 169,946,632                | -                    | -                           | 169,946,632            |
| <b>Total</b>                             | <b>₱ 3,416,988,326</b>     | <b>₱ -</b>           | <b>₱ 1,301,699,431</b>      | <b>₱ 2,115,288,895</b> |
| <i>*excluding government liabilities</i> |                            |                      |                             |                        |
| <b>December 31, 2024</b>                 |                            |                      |                             |                        |
|  | <b>Carrying<br/>Amount</b> | <b>On demand</b>     | <b>Less than 1<br/>Year</b> | <b>Over<br/>1 Year</b> |
| Financial assets at amortized cost:      |                            |                      |                             |                        |
| Cash in bank (Note 8)                    | ₱ 243,656,548              | ₱ 243,656,548        | ₱ -                         | ₱ -                    |
| Receivables – net (Note 9)               | 762,916,855                | -                    | 762,916,855                 | -                      |
| Contract assets (Note 10)                | 917,435,670                | -                    | 827,156,013                 | 90,279,658             |
| Refundable deposits (Note 14)            | 10,204,135                 | -                    | -                           | 10,204,135             |
| <b>Total</b>                             | <b>₱ 1,934,213,208</b>     | <b>₱ 243,656,548</b> | <b>₱ 1,590,072,868</b>      | <b>₱ 100,483,793</b>   |
| Financial liabilities at amortized cost  |                            |                      |                             |                        |
| Accounts and other payables* (Note 15)   | ₱ 194,018,230              | ₱ -                  | ₱ 194,018,230               | ₱ -                    |
| Contract liabilities (Note 16)           | 38,015,175                 | -                    | 38,015,175                  | -                      |
| Loans and borrowings (Note 17)           | 1,756,838,622              | -                    | 782,700,538                 | 974,138,084            |
| Advances from related parties (Note 19)  | 173,928,719                | -                    | -                           | 173,928,719            |
| <b>Total</b>                             | <b>₱ 2,162,800,746</b>     | <b>₱ -</b>           | <b>₱ 1,014,733,943</b>      | <b>₱ 1,148,066,803</b> |
| <i>*excluding government liabilities</i> |                            |                      |                             |                        |

### **32.4 Credit risk**

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables. The Group manages its credit risk

mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements).

As at December 31, 2025 and 2024, the Group has no financial assets for which credit risk has increased significantly since initial recognition and that are credit-impaired.

#### Credit quality per class of financial assets

The following table show a comparison of the credit quality of the Group's financial assets by class as at the reporting date:

|                                     | As at December 31, 2025       |                |                           |           |                 |
|-------------------------------------|-------------------------------|----------------|---------------------------|-----------|-----------------|
|                                     | Neither past due nor impaired |                | Past due but not impaired | Impaired  | Total           |
|                                     | High Grade                    | Standard Grade |                           |           |                 |
| Financial assets at amortized cost: |                               |                |                           |           |                 |
| Cash in bank (Note 8)               | ₱ 223,943,372                 | ₱ -            | ₱ -                       | ₱ -       | ₱ 223,943,372   |
| Receivables – net (Note 9)          | 1,115,772,805                 | -              | -                         | 645,495   | 1,115,127,310   |
| Contract assets (Note 10)           | 765,111,690                   | -              | -                         | -         | 765,111,690     |
| Refundable deposits (Note 14)       | 10,118,855                    | -              | -                         | -         | 10,118,855      |
| Total                               | ₱ 2,114,946,722               | ₱ -            | ₱ -                       | ₱ 645,495 | ₱ 2,114,301,227 |
|                                     | As at December 31, 2024       |                |                           |           |                 |
|                                     | Neither past due nor impaired |                | Past due but not impaired | Impaired  | Total           |
|                                     | High Grade                    | Standard Grade |                           |           |                 |
| Financial assets at amortized cost: |                               |                |                           |           |                 |
| Cash in bank (Note 8)               | ₱ 243,656,548                 | ₱ -            | ₱ -                       | ₱ -       | ₱ 243,656,548   |
| Receivables – net (Note 9)          | 762,916,855                   | -              | -                         | -         | 762,916,855     |
| Contract assets (Note 10)           | 917,435,670                   | -              | -                         | -         | 917,435,670     |
| Refundable deposits (Note 14)       | 10,204,135                    | -              | -                         | -         | 10,204,135      |
| Total                               | ₱ 1,934,213,208               | ₱ -            | ₱ -                       | ₱ -       | ₱ 1,934,213,208 |

The Group evaluates credit quality on the basis of the credit strength of the refundable and/or counterparty/issuer. High grade financial assets are those which collectability is assured based on past experience. Standard grade financial assets are considered moderately realizable and some accounts which would require some reminder follow-ups to obtain settlement from the counterparty. The Group determines if credit risk have increased significantly when financial assets are more than 30 days past due.

The Group's management considers none of the financial assets to be impaired or past due at the end of each financial reporting period.

#### *Cash in banks*

The credit risks for cash in banks are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

#### *Receivables and advances to related parties*

These pertain to receivables from counterparties which are not expected to default in setting its obligations, hence there is no perceived credit risk.

#### *Contract assets*

Contract assets are initially recognized for revenue earned from property under development rendered but not yet to be billed to customers. Upon billing of invoice, the amounts recognized as contract assets are reclassified as receivable.

#### *Refundable deposits*

Deposits represent refundable deposits to contractors for their services in cash. Deposits are recorded as assets and measured at the amount of cash paid. The amount is presented as current assets if collection is expected in one year or less, if not, they are presented as non-current assets.

#### Maximum Credit Risk Exposure

Financial information on the Group's maximum exposure to credit risk without considering the effects of collaterals and other risk mitigation techniques, is presented below.

|                                     | December 31,           |                        |
|-------------------------------------|------------------------|------------------------|
|                                     | <u>2025</u>            | <u>2024</u>            |
| Financial assets at amortized cost: |                        |                        |
| Cash in bank (Note 8)               | ₱ 223,943,372          | ₱ 243,656,548          |
| Receivables – net (Note 9)          | 1,115,127,310          | 762,916,855            |
| Contract assets (Note 10)           | 765,111,690            | 917,435,670            |
| Refundable deposits (Note 14)       | <u>10,118,855</u>      | <u>10,204,135</u>      |
| Total                               | ₱ <u>2,114,301,227</u> | ₱ <u>1,934,213,208</u> |

The Group does not hold any collateral as security or other credit enhancements attached to its financial assets.

The credit risk for is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties. The Group does not execute any credit guarantee in favor of any counterparty.

#### **NOTE 33 – CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES**

The Group's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debt, return capital to shareholders or issue new shares.

The Group considers its equity and loans and borrowings as capital.

The Group monitors its financial leverage using the debt-to-equity which is computed as total liabilities divided by total equity as shown in the table below:

| Particulars          | 2025          | 2024          |
|----------------------|---------------|---------------|
| Total liabilities    | 3,468,384,124 | 2,178,893,499 |
| Total equity         | 4,103,220,401 | 3,817,847,838 |
| Debt-to-equity ratio | 0.85:1        | 0.57:1        |

There were no changes in the Group's approach to capital management during the year.

#### NOTE 34 – OTHER MATTERS

##### Supplemental disclosure of cash flow information

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes.

| Particulars                                 | January 1,<br>2025 | Cash flows      | Interest<br>expense | December<br>31, 2025 |
|---|--------------------|-----------------|---------------------|----------------------|
| Loans and borrowings                        | ₱ 1,756,820,622    | ₱ 1,343,160,411 | ₱ (23,706,846)      | ₱ 3,076,292,187      |
| Advances from related parties               | 173,928,719        | (3,982,087)     | -                   | 169,946,632          |
| Total liabilities from financing activities | ₱ 1,930,749,341    | ₱ 1,339,178,324 | ₱ (23,706,846)      | ₱ 3,246,238,819      |

| Particulars                                 | January 1,<br>2024 | Cash flows    | Interest<br>expense | December 31,<br>2024 |
|---|--------------------|---------------|---------------------|----------------------|
| Loans and borrowings                        | ₱ 1,110,407,453    | ₱ 677,383,117 | ₱ (30,951,948)      | ₱ 1,756,820,622      |
| Advances from related parties               | 177,798,865        | (3,870,146)   | -                   | 173,928,719          |
| Total liabilities from financing activities | ₱ 1,288,206,318    | ₱ 673,512,971 | ₱ (30,951,948)      | ₱ 1,930,749,341      |

| Particulars                                 | January 1,<br>2023 | Cash flows    | Interest<br>expense | December 31,<br>2023 |
|---|--------------------|---------------|---------------------|----------------------|
| Loans and borrowings                        | ₱ 426,023,815      | ₱ 702,328,381 | ₱ (17,944,743)      | ₱ 1,110,407,453      |
| Advances from related parties               | 244,671,814        | (66,872,949)  | -                   | 177,798,865          |
| Total liabilities from financing activities | ₱ 670,695,629      | ₱ 635,455,432 | ₱ (17,944,743)      | ₱ 1,288,206,318      |

##### Non-cash Activities

The Group had no material non-cash investing or financing activity-related transactions for the years ended December 31, 2025, 2024 and 2023.

#### NOTE 35 – CONTINGENCIES

As of December 31, 2025 and 2024, the Group has the following legal cases:

(a) *Tradition Homes Project Managers and Development Inc. vs. Cristina A. Inoue (O.P. Case No. 16-j-216)*

The Parent Company received a decision from the Office of the President (OP) in favor of the buyer awarding the latter 1) refund amounting to ₱342,262 with interest at the rate of 6% per annum reckoned from the date complaint was filed until full payment; 2) moral damages amounting to ₱50,000; 3) attorney's fees amounting to ₱50,000; and 4) exemplary damages amounting to ₱30,000 cost of suit.

The Parent Company filed an Appeal Submitted for Resolution on Motion for Reconsideration. As of December 31, 2024 based on management's assessment and legal counsel's opinion, the outcome of the appealed motion is uncertain. Accordingly, no provision has been recognized in the financial statements.

(b) *Sps. Rafael Inocando and Marites Inocando vs. Haustalk Project Managers, Inc. (HSAC-REM-A-220426-0681)*

Appeal filed was granted directing Inocando to vacate the property. Pending motion for issuance of Writ of Execution was filed with HSAC.

In favor of HTI, pending execution, property amounting to ₱2,924,040 to return to HTI's inventory.

(c) *Cornelio Vasquez vs. Haus Talk Project Managers & Maria Leah Madlambayan (HSAC Case No. RIVA-REM-230126-00657)*

Filed with HSAC RIV-A, complaint was granted. HTI/MLDM directed to refund Vasquez. For filing of appeal to HSAC, decision was received by Firm on March 11, 2024; with 15 days to file appeal. Amount of award is ₱813,519 at 6% per annum from finality of decision until fully paid. Appeal filed by Vasquez before the Court of Appeals denied for failure to exhaust administrative remedies. Vasquez filed a motion for reconsideration, to which HTI has filed its comment/opposition.

(d) *Dion Ducusin et. al. vs. Haustalk Project Managers, Inc. (NLRC Case No. 11-00064-22)*

Appeal memorandum and motion to reduce appeal bond filed in NLRC-Banawe, with reply memorandum filed by complainant-appellees. Appeal before the NLRC partially granted and judgment award was re-computed. HTI filed Petition for Certiorari with prayer for issuance of Temporary Restraining Order before the Court of Appeals. Award amounts to ₱5,223,406.

(e) *In re: Petition for Cancellation of Annotation of Encumbrance in relation to Section 7 R.A. 26 on TCT No. 060-2019005044 (LRC Case No. 337-srcl)*

Petition granted under RTC Br. 102 Sta. Rosa, Laguna. Certificate of Finality already issued and for transmittal to with no monetary award.

(f) *In re: Petition for Cancellation of Annotation of Encumbrance in relation to Section 7 R.A. 26 on TCT No. 060-2019005014 (LRC Case No. 338-SRCL)*

Petition granted under RTC Br. 101 Sta. Rosa, Laguna. Certificate of Finality already issued with no monetary award.

(g) *In re: Application for Original Registration of Title Pursuant to the Provisions of the Property Registration Decree (P.D. 1529) Josefino Alora and Oscar Alora vs. Register of Deeds of Calamba, Laguna (LRC Case No. SPL-1130-17)*

For continuation of hearing on jurisdictional requirements at RTC Branch 93, San Pedro, Laguna.

|   |
|---|
| <b>NOTE 36 – RE-ISSUANCE OF CONSOLIDATED AUDITED FINANCIAL STATEMENTS</b> |
|---|

The consolidated audited financial statements for the years ended December 31, 2024 and 2023 have been re-issued to reflect adjustments identified after the original issuance. These adjustments affect the previously reported profit or loss and certain reclassifications in the statements of financial position and cash flows under investing and financing activities.

The adjustments include:

- The non-elimination of dividends received from affiliates in the consolidated financial statements, resulting in an overstatement of net income in 2023 but no effect in the consolidated retained earnings for both 2024 and 2023;
- Reclassification of contract assets and prepayments from total receivables; and
- Reclassification of dividends paid from investing activities to financing activities in the statement of cash flows.

Comparative amounts for the prior period have been restated to reflect these adjustments. The effects of the adjustments on the previously reported consolidated financial statements are summarized as follows:

|  |                      | December 31, 2024              |                                    |  |
|--|----------------------|--------------------------------|------------------------------------|--|
| Line item                                      | Receivables          | Contract<br>Asset –<br>current | Contract<br>asset –<br>non-current | Prepayments<br>and other<br>current assets |
| Statement of financial position                |                      |                                |                                    |  |
| Previously reported                            | 1,690,352,527        | -                              | -                                  | 7,403,681                                  |
| Adjustments                                    | <u>(889,120,062)</u> | <u>788,840,404</u>             | <u>90,279,658</u>                  | <u>10,000,000</u>                          |
| Restated amount                                | <u>801,232,465</u>   | <u>788,840,404</u>             | <u>90,279,658</u>                  | <u>17,403,681</u>                          |
|  |                      | December 31, 2023              |                                    |  |
| Line item                                      | Receivables          | Contract<br>Asset –<br>current | Contract<br>asset –<br>non-current | Prepayments<br>and other<br>current assets |
| Statement of financial position                |                      |                                |                                    |  |
| Previously reported                            | 1,103,704,971        | -                              | -                                  | 12,039,488                                 |
| Adjustments                                    | <u>(858,867,011)</u> | <u>768,757,449</u>             | <u>90,109,562</u>                  | <u>-</u>                                   |
| Restated amount                                | <u>244,837,960</u>   | <u>768,757,449</u>             | <u>90,109,562</u>                  | <u>-</u>                                   |
|  |                      | Amount                         |                                    |  |
| Line item                                      | 2024                 |                                | 2023                               |  |
| Consolidated statement of comprehensive income |                      |                                |                                    |  |
| Other operating income                         |                      |                                |                                    |  |
| Previously reported                            | 12,491,008           |                                | 38,621,508                         |  |
| Adjustments                                    | <u>-</u>             |                                | <u>(20,472,461)</u>                |  |
| Restated amount                                | <u>12,491,008</u>    |                                | <u>18,149,047</u>                  |  |
| Consolidated statement of changes in equity    |                      |                                |                                    |  |
| Retained earnings, end                         |                      |                                |                                    |  |
| Previously reported                            | 1,087,987,235        |                                | 1,067,514,774                      |  |
| Adjustments                                    | <u>-</u>             |                                | <u>20,472,461</u>                  |  |
| Restated amount                                | <u>1,087,987,235</u> |                                | <u>1,087,987,235</u>               |  |
| Consolidated statement of cash flow            |                      |                                |                                    |  |
| Investing activities                           |                      |                                |                                    |  |
| Dividend paid                                  |                      |                                |                                    |  |
| Previously reported                            | 50,000,000           |                                | 48,166,012                         |  |
| Adjustments                                    | <u>(50,000,000)</u>  |                                | <u>(48,166,012)</u>                |  |
| Restated amount                                | <u>-</u>             |                                | <u>-</u>                           |  |
| Financing activities                           |                      |                                |                                    |  |
| Dividend paid                                  |                      |                                |                                    |  |
| Previously reported                            | 50,000,000           |                                | 48,166,012                         |  |
| Adjustment                                     | <u>-</u>             |                                | <u>(20,472,461)</u>                |  |
| Restated amount                                | <u>50,000,000</u>    |                                | <u>27,693,551</u>                  |  |

The audit opinion on re-issued consolidated financial statements remains unmodified.

Management believes that, as re-issued, the financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2024 and 2023 and the results of its operations and cash flows for the years then ended, in accordance with PFRS.

#### **NOTE 37 – EVENTS AFTER REPORTING PERIOD**

##### *Issuance of Fixed-Rate Bonds*

On October 14, 2025, the Board of Directors approved the issuance of fixed-rate bonds with an aggregate principal amount of ₱2,000,000,000 consisting of a base issue amount of ₱1,000,000,000 with an oversubscription option of up to ₱1,000,000,000 (the “Bonds”), subject to the registration and approval of the Securities and Exchange Commission (SEC) and listing approval of the Philippine Stock Exchange (PSE).

On February 27, 2026, the SEC approved the Company’s registration statement covering the Bonds. Subsequently, on March 16, 2026, the Company completed the issuance of the Bonds and successfully listed the same with the PSE.

The Bonds bear a fixed interest rate of 7.0896% per annum for the Series A Bonds due 2029 and fixed interest rate of 7.5924% per annum for the Series B Bonds due 2031. Net proceeds from the issuance were used to partially fund the Company’s land banking activities, partially support Company’s project development and support the general corporate purposes requirement of the Company in accordance with the prospectus.

The issuance occurred after the reporting period and is therefore considered a non-adjusting event under PAS 10. No adjustments were made in the separate financial statements as of December 31, 2025, although the event is considered material due to its impact on the Company’s financing structure, liquidity position, and future interest obligations.

#### **NOTE 38 – APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements for the years ended December 31, 2025, 2024 and 2023 were authorized for issuance by the Board of Directors (BOD) on April 27, 2026. The shareholders have the power to amend this financial statement after issuance.

**HAUS TALK, INC. AND ITS SUBSIDIARY**  
*(Formerly Haus Talk Project Managers, Inc. and its Subsidiary)*  
Schedule of Philippine Financial Reporting Standards

**SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR  
DIVIDEND DECLARATION**

**December 31, 2025 and 2024**

| Items   | 2025                   | 2024                   |
|---|------------------------|------------------------|
| Unappropriated Retained Earnings, beginning   | ₱ 1,087,987,235        | ₱ 771,173,738          |
| Dividend declaration  | (75,000,000)           | (50,000,000)           |
| Net Income based on the face of AFS   | 359,393,216            | 366,813,497            |
| Less: Non-actual/unrealized income net of tax   |                        |                        |
| • Equity in net income/(loss) of associate/joint venture  | -                      | -                      |
| • Unrealized foreign exchange gain - net<br>(except those attributable to Cash and Cash Equivalents)                                    |                        |                        |
| Unrealized actuarial gain   | -                      | -                      |
| • Fair value adjustment (M2M gains)   | -                      | -                      |
| • Fair value adjustment of Investment Property<br>resulting to gain adjustment<br>due to deviation from PFRS/GAAP-gain                  | -                      | -                      |
| • Other unrealized gains or adjustments<br>to the retained earnings as a result<br>of certain transactions accounted for under the PFRS | -                      | -                      |
| Add: Non-actual losses  |                        |                        |
| • Depreciation on revaluation increment (after tax)   | -                      | -                      |
| • Adjustment due to deviation from PFRS/GAAP – loss   | -                      | -                      |
| • Loss on fair value adjustment of investment property<br>(after tax)   | -                      | -                      |
| FMV gain/(loss) transferred to equity as a result of disposal of<br>equity investment at FVOCI  | -                      | -                      |
| Gain/(loss) from disposal of financial assets at FVOCI  | -                      | -                      |
| Net Income Actual/Realized  | -                      | -                      |
| Unappropriated Retained Earnings, as adjusted, ending   | ₱ <u>1,372,380,450</u> | ₱ <u>1,087,987,235</u> |

**INDEPENDENT AUDITOR'S REPORT TO ACCOMPANYING FINANCIAL STATEMENTS FOR  
FILING WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and the Stockholders  
**HAUS TALK, INC. AND ITS SUBSIDIARIES**  
*(Formerly Haus Talk Project Managers, Inc. and Its Subsidiary)*  
Unit 701 Orient Square Building, Emerald Avenue,  
Ortigas Center, Pasig City

We have examined the consolidated financial statements of **HAUS TALK, INC. AND ITS SUBSIDIARIES**  
*(Formerly Haus Talk Project Managers, Inc and Its Subsidiary.)* for the year ended December 31, 2025, on  
which we have rendered the attached report dated April 27, 2026.

In compliance with SRC Rule 68, we are stating that the Group has ninety-one (91) stockholders owning one  
hundred (100) or more shares each as of December 31, 2025.

**VALDES ABAD & COMPANY, CPAs**  
BOA/PRC Reg. No. 0314  
Issued on July 15, 2024, Valid until July 14, 2027  
SEC Accreditation No.0314 - SEC, Group A  
Valid for 2022-2026 audit periods  
BIR Accreditation No. 08-002126-000-2024  
Issued on April 05, 2024, Valid until April 04, 2027

**For the firm:**



**ALFONSO L. CAY-AN**  
**Partner**  
CPA Registration No. 99805, Valid until December 14, 2026  
TIN No. 213-410-741-000  
PTR No. 10777156, Issued Date: January 13, 2026, Makati City  
BOA/PRC Reg. No. 0314 P-004  
Issued on July 15, 2024, Valid until July 14, 2027  
SEC Accreditation No. 99805 - SEC, Group A  
Valid for 2022 – 2026 audit periods  
BIR Accreditation No. 08-002126-005-2024  
Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines  
April 27, 2026

# Valdes Abad & Company, CPAs

(Formerly: Valdes Abad & Associates)  
certified public accountants

CJV Building 108 Aguirre  
Street, Legaspi Village,  
Makati City, Philippines

**Branches:**

Cebu and Davao

Phone: (632) 8892-5931 to 35

(632) 8519-2105

Fax: (632) 8819-1468

Website: www.vacpa.ph

BOA/PRC Reg. No. 0314

SEC Accreditation No. 0314-SEC



member  
an association of  
legally independent  
accounting firms  
partnering for success

## REPORT OF INDEPENDENT PUBLIC AUDITORS TO ACCOMPANY SEC SCHEDULES FILED CONSOLIDATEDLY FROM THE BASIC FINANCIAL STATEMENTS

The Board of Directors and the Stockholders  
**HAUS TALK, INC. AND ITS SUBSIDIARIES**  
(Formerly *Haus Talk Project Managers, Inc. and Its Subsidiary*)  
Unit 701 Orient Square Building, F. Ortigas Avenue,  
Ortigas Center, Pasig City

We have examined the consolidated financial statements of **HAUS TALK, INC. AND ITS SUBSIDIARIES** (Formerly *Haus Talk Project Managers, Inc. and Its Subsidiary*) as of December 31, 2025, on which we have rendered the attached report dated April 27, 2026. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary schedule of the Group as of December 31, 2025, and for the year then ended, required by the Securities and Exchange Commission, are presented for purpose of additional analysis and are not a required part of the consolidated financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**VALDES ABAD & COMPANY, CPAs**

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 0314 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 05, 2024, Valid until April 04, 2027

**For the firm:**

**ALFONSO L. CAY-AN**

**Partner**

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10479078, Issued Date: January 10, 2025, Makati City

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022 - 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines  
April 27, 2026


**INDEPENDENT AUDITOR'S REPORT ON  
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Board of Directors and the Stockholders  
**HAUS TALK, INC. AND ITS SUBSIDIARIES**  
*(Formerly Haus Talk Project Managers, Inc. and Its Subsidiary)*  
Unit 701 Orient Square Building, F. Ortigas Avenue,  
Ortigas Center, Pasig City

We have in accordance with the Philippine Standard on Auditing, the consolidated financial statements of **HAUS TALK, INC. AND ITS SUBSIDIARIES (Formerly, Haus Talk Project Managers, Inc. and Its Subsidiary)** as at December 31, 2025 and 2024. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary Schedule on Financial Soundness indicator, including their definitions, formulas, calculations, and their appropriateness or usefulness to the intended users, are the responsibility of the company's management. These financial soundness indicators are not measures of operating performance defined by the Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by the other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the consolidated financial statements as at December 31, 2025 and 2024 and no material exceptions were noted.

**VALDES ABAD & COMPANY, CPAs**  
BOA/PRC Reg. No. 0314  
Issued on July 15, 2024, Valid until July 14, 2027  
SEC Accreditation No. 0314 - SEC, Group A  
Valid for 2022-2026 audit periods  
BIR Accreditation No. 08-002126-000-2024  
Issued on April 05, 2024, Valid until April 04, 2027

**For the firm:**

  
**ALFONSO L. CAY-AN**  
Partner  
CPA Registration No. 99805, Valid until December 14, 2026  
TIN No. 213-410-741-000  
PTR No. 10777156, Issued Date: January 13, 2026, Makati City  
BOA/PRC Reg. No. 0314/P-004  
Issued on July 15, 2024, Valid until July 14, 2027  
SEC Accreditation No. 99805 - SEC, Group A  
Valid for 2022 - 2026 audit periods  
BIR Accreditation No. 08-002126-005-2024  
Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines  
April 27, 2026

HAUS TALK, INC AND SUBSIDIARIES  
INDEX TO THE CONSOLIDATED FINACIAL STATEMENTS AND  
SUPPLEMENTAL SCHEDULES

|      |  |                       |
|------|--|-----------------------|
| I.   | Supplemental schedules required by SRC Rule Annex 68-J   |                       |
|      | A. Financial Assets  | <u>Attached</u>       |
|      | B. Amounts receivables from directors, officers, employees, related parties and principal stockholders (other than related parties)  | <u>Not applicable</u> |
|      | C. Amounts receivables and payable from/to related parties which are eliminated during consolidation process of financial statements | <u>Attached</u>       |
|      | D. Intangible assets – other asset   | <u>Not applicable</u> |
|      | E. Long-term   | <u>Attached</u>       |
|      | F. Indebtedness to related parties (Long-term loans from related parties)  | <u>Attached</u>       |
|      | G. Guarantees of securities of other issuers   | <u>Not applicable</u> |
|      | H. Capital Stock   | <u>Attached</u>       |
| II.  | Map of the relationships of the Parent Company within the Parent Company   | <u>Attached</u>       |
| III. | Schedule of Reconciliation of Retained Earnings Available for Dividend   | <u>Attached</u>       |
| IV.  | Schedule of Financial Soundness Indicators as required by Revised SRC Rule   | <u>Attached</u>       |
| V.   | Schedule of External Auditor Fee- Related Information  | <u>Attached</u>       |



HAUS TALK, INC. AND SUBSIDIARIES

I. SUPPLEMENTAL SCHEDULES REQUIRED BY REVISED SRC RULE ANNEX 68-J AS AT DECEMBER 31, 2025

SCHEDULE A. Financial Assets

| Name of issuing entity and association of each issue | Number of shares or principal amount of bonds and rates | Amount shown in the financial position | Value based on market quotation at end of reporting period | Income received and accrued |
|--|---|--|--|-----------------------------|
| Financial assets at amortized cost                   |   |  |  |                             |
| Cash in bank   | -   | ₱ 224,947,372                          | ₱ 224,947,372  | ₱                           |
| Receivables – net                                    |   | 1,115,127,310                          | 1,115,127,310  |                             |
| Contract assets                                      | -   | 765,111,690                            | 765,111,690  |                             |
| Refundable deposits                                  | -   | 10,204,135                             | 10,204,135   |                             |
| <b>Total</b>   |   | ₱ 2,115,390,507                        | ₱ 2,115,390,507  | ₱                           |

SCHEDULE B. Amounts of Receivable from Directors, Officers, Employees Related Parties and Principal Stockholders (Other Than Related Parties)

| Name and designation of debtor | Balance at beginning of period | Amounts (collected) /transferred | Provision for expected credit losses (ECL) | Amounts written - off | Current | Non-current | Balance at end of period |
|--------------------------------|--------------------------------|----------------------------------|--|-----------------------|---------|-------------|--------------------------|
|--------------------------------|--------------------------------|----------------------------------|--|-----------------------|---------|-------------|--------------------------|

**Not Applicable**

SCHEDULE C. Amounts of Receivable from and Payable to Related parties which are Eliminated during the Consolidation of Financial Statements

| Name and designation of debtor    | Balance at beginning of period | Additions | Amounts collected/ consolidated | Amounts written - off | Current | Non-current   | Balance at end of period |
|-----------------------------------|--------------------------------|-----------|---------------------------------|-----------------------|---------|---------------|--------------------------|
| Advances to related parties       |                                |           |                                 |                       |         |               |                          |
| Tradition Homes, Inc.             | 578,000,000                    | -         | -                               | -                     | -       | 578,000,000   | 578,000,000              |
| Lifestyle Development Corporation | 661,800,000                    | -         | -                               | -                     | -       | 661,800,000   | 661,800,000              |
| <b>Total</b>                      | ₱ 1,239,800,000                |           |                                 |                       |         | 1,239,000,000 | 1,239,800,000            |

SCHEDULE D. Intangible Assets – Other Assets

| <u>Description</u>    | <u>Balance at beginning of period</u> | <u>Additions at cost</u> | <u>Charged to cost and expenses</u> | <u>Charged to other accounts</u> | <u>Other charges additions (deductions)</u> | <u>Balance at end of period</u> |
|-----------------------|---------------------------------------|--------------------------|-------------------------------------|----------------------------------|---|---------------------------------|
| <b>Not Applicable</b> |                                       |                          |                                     |                                  |   |                                 |

SCHEDULE E. Long-term Debt

| <u>Title of issue</u> | <u>Amount authorized by indenture</u> | <u>Amount shown under caption "Current portion of long-term debt"</u> | <u>Amount shown under caption "Long term debt" in related financial position</u> |
|-----------------------|---------------------------------------|---|--|
| Loans and Borrowings  | -                                     | 1,130,949,924   | 1,945,342,263  |

SCHEDULE F. Indebtedness to Related Parties (Long Term Loans from Related Parties)

| <u>Name of related party</u> | <u>Balance at beginning of period</u> | <u>Balance at end of period</u> |
|------------------------------|---------------------------------------|---------------------------------|
| Stockholders                 | 173,928,719                           | 169,946,632                     |

SCHEDULE G. Guarantees of Securities of Other Issuers

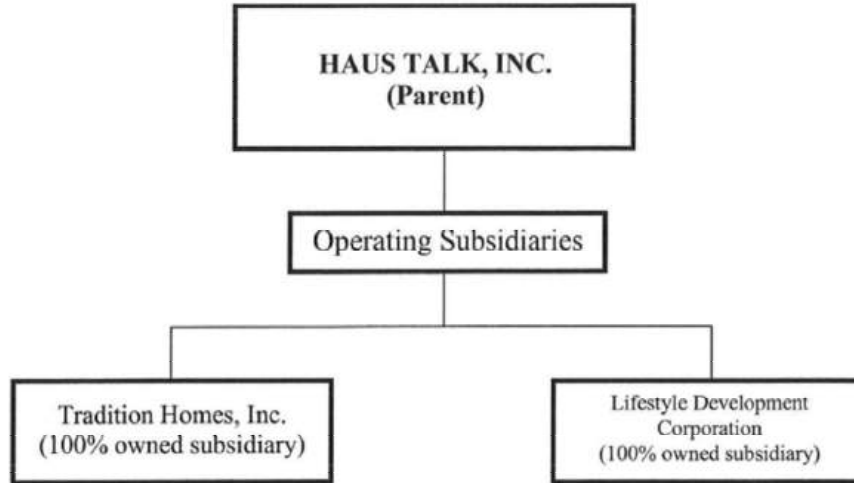
| <u>Name of issuing entity of securities guaranteed by the Parent Company for which this statement is filed</u> | <u>Title of issue of each class of securities guaranties</u> | <u>Total amount guaranteed and outstanding</u> | <u>Amount owned by person for which statement is filed</u> | <u>Nature of guarantee</u> |
|--|--|--|--|----------------------------|
| <b>Not Applicable</b>  |  |  |  |                            |

SCHEDULE H. Capital Stock

| <u>Title of issue</u> | <u>Number of shares authorized</u> | <u>Number of shares issued and outstanding as shown under related financial position</u> | <u>Number of shares reserved for options, warrants, conversion and other rights</u> | <u>Number of shares held by related parties</u> | <u>Directors, officers, and employees</u> | <u>Others</u>      |
|-----------------------|------------------------------------|--|---|---|---|--------------------|
| Common                | 2,500,000,000                      | 2,500,000,000  |   |   | 1,850,001,000                             | 649,999,000        |
| <b>Total</b>          | <b>2,500,000,000</b>               | <b>2,500,000,000</b>   |   |   | <b>1,850,001,000</b>                      | <b>649,999,000</b> |

HAUS TALK, INC. AND SUBSIDIARIES

II. MAP OF THE RELATIONSHIP OF THE PARENT COMPANY WITHIN THE PARENT COMPANY FOR THE YEAR ENDED DECEMBER 31, 2025



HAUS TALK, INC. AND SUBSIDIARIES

III. SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILBALE FOR  
DIVIDEND DECLARATION AS REQUIRED BY SRC RULE ANNEX 68-D FOR THE YEAR  
ENDED DECEMBER 31, 2025

| Items   | 2025                   | 2024                   |
|---|------------------------|------------------------|
| Unappropriated Retained Earnings, beginning   | ₱ 1,087,987,235        | ₱ 771,173,737          |
| Dividend declaration  | (75,000,000)           | (50,000,000)           |
| Net Income based on the face of AFS   | 359,393,216            | 366,813,497            |
| Less: Non-actual/unrealized income net of tax   |                        |                        |
| • Equity in net income/(loss) of associate/joint venture  | -                      | -                      |
| • Unrealized foreign exchange gain - net<br>(except those attributable to Cash and Cash<br>Equivalents)                                 |                        |                        |
| Unrealized actuarial gain   | -                      | -                      |
| • Fair value adjustment (M2M gains)   | -                      | -                      |
| • Fair value adjustment of Investment Property<br>resulting to gain adjustment<br>due to deviation from PFRS/GAAP-gain                  | -                      | -                      |
| • Other unrealized gains or adjustments<br>to the retained earnings as a result<br>of certain transactions accounted for under the PFRS | -                      | -                      |
| Add: Non-actual losses  |                        |                        |
| • Depreciation on revaluation increment (after tax)   | -                      | -                      |
| • Adjustment due to deviation from PFRS/GAAP – loss   | -                      | -                      |
| • Loss on fair value adjustment of investment property<br>(after tax)   | -                      | -                      |
| FMV gain/(loss) transferred to equity as a result of disposal<br>of equity  |                        |                        |
| investment at FVOCI   | -                      | -                      |
| Gain/(loss) from disposal of financial assets at FVOCI  | -                      | -                      |
| Net Income Actual/Realized  | -                      | -                      |
| Unappropriated Retained Earnings, as adjusted, ending   | <u>₱ 1,372,380,450</u> | <u>₱ 1,087,987,235</u> |

## HAUS TALK, INC. AND ITS SUBSIDIARIES

### IV. SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS REQUIRED BY REVISED SRC RULE 68 ANNEX 68-E FOR THE YEAR ENDED DECEMBER 31, 2025

| Ratio                        | Formula                                    | 2025           | 2024           |
|------------------------------|--|----------------|----------------|
| Current Ratio                | Total current assets                       | 6,387,644,890  | 4,800,480,653  |
|                              | Divided by: Total current liabilities      | 1,338,035,393  | 1,018,123,145  |
|                              | Current ratio                              | <u>4.77:1</u>  | <u>4.72:1</u>  |
| Acid test ratio              | Total current assets                       | 6,387,644,890  | 4,800,480,653  |
|                              | Less: Other current assets                 | 4,372,856,313  | 2,966,030,237  |
|                              | Quick assets                               | 2,014,788,577  | 1,834,450,416  |
|                              | Divide by: Total current liabilities       | 1,338,035,393  | 1,018,123,145  |
|                              | Acid test ratio                            | <u>1.51:1</u>  | <u>1.82:1</u>  |
| Solvency Ratio               | Net income                                 | 359,393,215    | 366,813,496    |
|                              | Add: Depreciation                          | 16,173,656     | 12,189,668     |
|                              | Total                                      | 375,566,871    | 379,003,164    |
|                              | Divide by: Total liabilities               | 3,468,384,124  | 2,178,893,499  |
|                              | Solvency ratio                             | <u>0.11:1</u>  | <u>0.17:1</u>  |
| Debt-to-Equity Ratio         | Total liabilities                          | 3,468,384,124  | 2,178,893,499  |
|                              | Divided by: Total Equity                   | 4,103,220,401  | 3,817,847,838  |
|                              | Debt-to-equity ratio                       | <u>0.85:1</u>  | <u>0.58:1</u>  |
| Asset-to-equity ratio        | Total assets                               | 7,571,604,525  | 5,996,741,337  |
|                              | Divided by: Total equity                   | 4,103,220,401  | 3,817,847,838  |
|                              | Asset-to-equity ratio                      | <u>1.85:1</u>  | <u>1.58:1</u>  |
| Interest rate coverage ratio | Income before income tax                   | 382,442,098    | 363,091,792    |
|                              | Add: Interest expense                      | 24,482,116     | 31,383,781     |
|                              | Total                                      | 406,924,214    | 394,475,573    |
|                              | Divided by: Interest expense               | 24,482,116     | 31,383,781     |
|                              | Interest rate coverage ratio               | <u>16.62:1</u> | <u>12.57:1</u> |
| Return on average equity     | Net income                                 | 359,393,215    | 366,813,496    |
|                              | Divided by: Average total capital accounts | 3,960,534,120  | 3,660,823,233  |
|                              | Return on equity                           | <u>0.09:1</u>  | <u>0.10:1</u>  |
| Return on average assets     | Net income                                 | 359,393,215    | 366,813,496    |
|                              | Divided by: Average total assets           | 6,784,172,931  | 5,508,207,458  |
|                              | Return on average assets                   | <u>0.05:1</u>  | <u>0.07:1</u>  |
| Net profit margin            | Net income                                 | 359,393,215    | 366,813,496    |
|                              | Net sales                                  | 1,401,217,951  | 1,401,027,855  |
|                              | Net profit margin                          | <u>0.26:1</u>  | <u>0.26:1</u>  |

HAUS TALK, INC AND SUBSIDIARIES

V. SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2025

|  | <b>2025</b>                  | 2024                       |
|--|------------------------------|----------------------------|
| Total Audit Fees (Section                                | P <b>900,000.00</b>          | P 900,000.00               |
| 2.1a) Non-audit services fees:                           |                              |                            |
| Other assurance services                                 | -                            | -                          |
| Tax services   | -                            | -                          |
| All other services                                       | 700,000.00                   | -                          |
| Total Non-audit Fees                                     | <b>700,000.00</b>            | -                          |
| Total Audit and Non-Audit Fees                           | <b>P <u>1,600,000.00</u></b> | <b>P <u>900,000.00</u></b> |
|  |                              |                            |
| Audit and non-audit fees of other related entities       |                              |                            |
|  | <b>2025</b>                  | 2024                       |
| Audit fess   | P -                          | P -                        |
| Non-audit service fees:                                  |                              |                            |
| Other assurance services                                 | -                            | -                          |
| Tax services   | -                            | -                          |
| All other services                                       | -                            | -                          |
| Total Audit and Non-audit fees of other related entities | <b>P <u>-</u></b>            | <b>P <u>-</u></b>          |

# COVER SHEET

for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

|   |   |   |   |   |   |   |   |   |   |   |
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Company Name

|   |   |   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |
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| T | A | L | K |  | P | R | O | J | E | C | T |   | M | A | N | A | G | E | R | S | , |   | I | N | C | ) |   |   |  |  |
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Principal Office ( No./Street/Barangay/City/Town)Province)

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |
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| F | . |   | O | R | T | I | G | A | S |   | J | R | . |   | R | O | A | D |   | O | R | T | I | G | A | S |   |   |  |
| C | E | N | T | E | R |   | S | A | N |   | A | N | T | O | N | I | O |   | P | A | S | I | G |   | C | I | T | Y |  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |

Form Type

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Department requiring the report

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Secondary License Type, If Applicable

|  |  |  |  |  |
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|  |  |  |  |  |
|--|--|--|--|--|

### COMPANY INFORMATION

Company's Email Address

|  |
|--|
| <a href="mailto:acctg.haustalk@gmail.com">acctg.haustalk@gmail.com</a> |
|--|

Company's Telephone Number/s

|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 6 | 3 | 4 | 8 | 7 | 1 | 2 |
|---|---|---|---|---|---|---|

Mobile Number

|               |
|---------------|
| 0917-621-7026 |
|---------------|

No. of Stockholders

|    |
|----|
| 11 |
|----|

Annual Meeting  
Month/Day

|                              |
|------------------------------|
| every last Wednesday of July |
|------------------------------|

Fiscal Year  
Month/Day

|        |
|--------|
| 31-Dec |
|--------|

### CONTACT PERSON INFORMATION

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

Name of Contact Person

|                       |
|-----------------------|
| MARIA AGNES M. SIAPNO |
|-----------------------|

Email Address

|  |
|--|
| <a href="mailto:mams@traditionhomes.com.ph">mams@traditionhomes.com.ph</a> |
|--|

Telephone Number/s

|         |
|---------|
| 6348712 |
|---------|

Mobile Number

|               |
|---------------|
| 0917-621-7026 |
|---------------|

Contact Person's Address

|   |
|---|
| Unit 701 Orient Square Bldg. F. Ortigas Jr. Road Ortigas Center, Pasig City |
|---|

**Note:** 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.

## Your BIR AFS eSubmission uploads were received

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From: eafs@bir.gov.ph

To: acctg.haustalk@yahoo.com

Cc: acctg.admin@traditionhomes.com.ph

Date: Wednesday, May 6, 2026 at 04:46 PM GMT+8

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Hi HAUSTALK PROJECT MANAGERS INC.,

### Valid files

- EAFS233687508AFSTY122025.pdf
- EAFS233687508ITRTY122025.pdf
- EAFS233687508OTHTY122025.pdf
- EAFS233687508TCRTY122025-01.pdf

### Invalid file

- <None>

Transaction Code: **AFS-0-AH9EEFLD07E8G957FMQQZ142V06BHH8H8**

Submission Date/Time: **May 06, 2026 04:46 PM**

Company TIN: **233-687-508**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

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# HausTalk, Inc.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

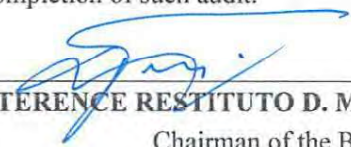
The management of HAUS TALK, INC. (Formerly: Haus Talk Project Managers, Inc.) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2025 and 2024**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

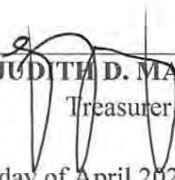
The Board of Directors is responsible for overseeing the Company's financial reporting process.


The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Valdes, Abad and Company, CPAs, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
TERENCE RESTITUTO D. MADLAMBAYAN  
Chairman of the Board

  
MARIA RACHEL D. MADLAMBAYAN  
President

  
GLORIA JUDITH D. MADLAMBAYAN  
Treasurer

  
MARIA AGNES M. SIAPNO  
Chief Finance Officer

Signed this 24<sup>th</sup> day of April 2026

SUBSCRIBED AND SWORN to before me this 30 APR, 2026 MANDALUYONG CITY, affiants exhibited to me their respective competent evidence of identification, as follows:

| Name                             | ID No.       | Issuing Authority      |
|----------------------------------|--------------|------------------------|
| Maria Rachel D. Madlambayan      | 33-3417220-3 | Social Security System |
| Terence Restituto D. Madlambayan | 33-7101879-6 | Social Security System |
| Gloria Judith D. Madlambayan     | 33-3417222-9 | Social Security System |
| Maria Agnes M. Siapno            | 33-3417219-3 | Social Security System |

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc No. 45  
Page No. 10  
Book No. 1  
Series of NRK

  
JO MARIE C. CATARINA  
NOTARY PUBLIC  
UNTIL 31 DECEMBER 2026  
Attorney's Reg. No. 42138  
IBP License No. 018639; RSM  
PTR No. 80271  
MCLE Compliance No. 1111111111 valid until 14 April 2028  
Notary Office, 14th Floor, The Palms Condominium  
17th Floor, The Palms Condominium  
L. S. Legarda, Mandaluyong City

**INDEPENDENT AUDITOR'S REPORT TO ACCOMPANYING FINANCIAL STATEMENTS FOR  
FILING WITH THE SECURITIES AND EXCHANGE COMMISSION**


The Board of Directors and the Stockholders  
**HAUS TALK, INC. (Formerly Haus Talk Project Managers, Inc.)**  
Unit 701 Orient Square Building, Emerald Avenue,  
Ortigas Center, Pasig City

We have examined the separate financial statements of **HAUS TALK, INC. (Formerly Haus Talk Project Managers, Inc.)** for the year ended December 31, 2025, on which we have rendered the attached report dated April 27, 2026.

In compliance with SRC Rule 68, we are stating that the Company has ninety-one (91) stockholders owning one hundred (100) or more shares each as of December 31, 2025.

**VALDES ABAD & COMPANY, CPAs**  
BOA/PRC Reg. No. 0314  
Issued on July 15, 2024, Valid until July 14, 2027  
SEC Accreditation No.0314 - SEC, Group A  
Valid for 2022-2026 audit periods  
BIR Accreditation No. 08-002126-000-2024  
Issued on April 05, 2024, Valid until April 04, 2027

**For the firm:**

  
**ALFONSO L. CAY-AN**  
**Partner**  
CPA Registration No. 99805, Valid until December 14, 2026  
TIN No. 213-410-741-000  
PTR No. 10777156, Issued Date: January 13, 2026, Makati City  
BOA/PRC Reg. No. 0314/P-004  
Issued on July 15, 2024, Valid until July 14, 2027  
SEC Accreditation No. 99805 - SEC, Group A  
Valid for 2022 - 2026 audit periods  
BIR Accreditation No. 08-002126-005-2024  
Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines  
April 27, 2026

**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors and the Stockholders  
**HAUS TALK, INC. (Formerly Haus Talk Project Managers, Inc.)**  
Unit 701 Orient Square Building, Emerald Avenue,  
Ortigas Center, Pasig City

**Opinion**

We have audited the separate financial statements of **HAUS TALK, INC. (Formerly Haus Talk Project Managers, Inc.)** (the "Company") which comprise the separate statements of financial position as of December 31, 2025 and 2024, and the related separate statements of comprehensive income, separate statement of changes in equity, and separate statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 and of its financial performances and its cash flows for the years then ended in accordance Philippine Financial Reporting Standards (PFRSS).

**Basis for Opinion**

We conducted our audit in accordance with the Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the *Code of Ethics for Professional Accountants in the Philippines (Philippine Code of Ethics)* and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. In circumstances when the auditor also has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the separate financial statements, the auditor shall omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Bureau of Internal Revenue Requirement**

Our audit was conducted for the purpose of forming an opinion on the separate financial statements taken as a whole. The supplementary information on Note 34 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the separate financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the separate financial statements and, in our opinion, is fairly stated in all material respects in relation to the separate financial statements taken as a whole.

**VALDES ABAD & COMPANY, CPAs**

BOA/PRC Reg. No. 0314

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No.0314 - SEC, Group A

Valid for 2022-2026 audit periods

BIR Accreditation No. 08-002126-000-2024

Issued on April 05, 2024, Valid until April 04, 2027

**For the firm:**



**ALFONSO L. CAY-AN**

**Partner**

CPA Registration No. 99805, Valid until December 14, 2026

TIN No. 213-410-741-000

PTR No. 10777156, Issued Date: January 13, 2026, Makati City

BOA/PRC Reg. No. 0314 / P-004

Issued on July 15, 2024, Valid until July 14, 2027

SEC Accreditation No. 99805 - SEC, Group A

Valid for 2022 -- 2026 audit periods

BIR Accreditation No. 08-002126-005-2024

Issued on April 5, 2024, Valid until April 4, 2027

Makati City, Philippines  
April 27, 2026

**HAUS TALK, INC.**  
(formerly Haus Talk Project Managers, Inc.)

**SEPARATE STATEMENTS OF FINANCIAL POSITION**  
(In Philippine Peso)

| <b>ASSETS</b>                                 | Note | December 31,         |                      |
|---|------|----------------------|----------------------|
|   |      | 2025                 | 2024                 |
| <b>CURRENT ASSETS</b>                         |      |                      |                      |
| Cash  | 6    | 217,554,088          | 231,409,335          |
| Receivables - net                             | 7    | 1,064,460,797        | 742,949,544          |
| Contract asset - current portion              | 8    | 568,091,995          | 788,840,404          |
| Real estate inventories                       | 9    | 3,571,687,907        | 2,105,021,051        |
| Prepayments and other current assets          | 10   | <u>40,939,251</u>    | <u>6,342,794</u>     |
| Total Current Assets                          |      | <u>5,462,734,038</u> | <u>3,874,563,128</u> |
| <b>NON-CURRENT ASSETS</b>                     |      |                      |                      |
| Contract asset - non-current portion          | 8    | 52,371,737           | 40,000,247           |
| Advances to related parties                   | 18   | 1,497,997,028        | 1,454,749,010        |
| Investment in subsidiaries                    | 11   | 135,737,500          | 135,737,500          |
| Property and equipment - net                  | 12   | 43,661,364           | 53,406,447           |
| Other non - current asset                     | 13   | <u>20,938,435</u>    | <u>22,542,841</u>    |
| Total Non - Current Assets                    |      | <u>1,750,706,064</u> | <u>1,706,436,045</u> |
| <b>TOTAL ASSETS</b>                           |      | <u>7,213,440,102</u> | <u>5,580,999,173</u> |
| <b>LIABILITIES AND EQUITY</b>                 |      |                      |                      |
| <b>CURRENT LIABILITIES</b>                    |      |                      |                      |
| Accounts and other payables                   | 14   | 170,510,202          | 129,019,130          |
| Income tax payable                            | 22   | 3,827,144            | -                    |
| Contract liabilities                          | 15   | 14,278,769           | 29,651,113           |
| Loans and borrowings - current portion        | 16   | <u>1,116,903,400</u> | <u>764,983,014</u>   |
| Total Current Liabilities                     |      | <u>1,305,519,515</u> | <u>923,653,257</u>   |
| <b>NON-CURRENT LIABILITIES</b>                |      |                      |                      |
| Loans and borrowings - net of current portion | 16   | 1,758,520,116        | 751,626,639          |
| Advances from related parties                 | 18   | 307,570,356          | 322,247,935          |
| Defined benefit obligation                    | 17   | <u>3,082,072</u>     | <u>3,056,638</u>     |
| Total Non - Current Liabilities               |      | <u>2,069,172,544</u> | <u>1,076,931,212</u> |
| <b>EQUITY</b>                                 |      |                      |                      |
| Share capital                                 | 19   | 2,500,000,000        | 2,500,000,000        |
| Share premium                                 | 20   | 218,849,628          | 218,849,628          |
| Retained earnings                             | 21   | 1,116,387,935        | 860,040,287          |
| Actuarial gain on defined benefit obligation  |      | <u>3,510,480</u>     | <u>1,524,789</u>     |
| Total Equity                                  |      | <u>3,838,748,043</u> | <u>3,580,414,704</u> |
| <b>TOTAL LIABILITIES AND EQUITY</b>           |      | <u>7,213,440,102</u> | <u>5,580,999,173</u> |

*See Separate Notes to Financial Statements*

**HAUS TALK, INC.**  
*(formerly Haus Talk Project Managers, Inc.)*

**SEPARATE STATEMENTS OF COMPREHENSIVE INCOME**  
*(In Philippine Peso)*

| <b>For the Years Ended December 31,</b>     | Note | <b>2025</b>          | 2024          |
|---|------|----------------------|---------------|
| <b>REVENUE</b>                              |      |                      |               |
| Real estate sales                           | 23   | <b>1,243,789,241</b> | 1,352,556,755 |
| Other operating income                      | 24   | <b>8,594,593</b>     | 5,222,739     |
| Total Revenue                               |      | <b>1,252,383,834</b> | 1,357,779,494 |
| <b>COST OF REAL ESTATE SALES</b>            | 25   | <b>682,914,943</b>   | 747,357,607   |
| <b>GROSS PROFIT</b>                         |      | <b>569,468,891</b>   | 610,421,887   |
| <b>OPERATING EXPENSES</b>                   |      |                      |               |
| Selling expenses                            | 27   | <b>59,264,743</b>    | 55,604,714    |
| General and administrative expenses         | 28   | <b>150,431,653</b>   | 173,042,865   |
| Total Operating Expenses                    |      | <b>209,696,396</b>   | 228,647,579   |
| <b>INCOME FROM OPERATIONS</b>               |      | <b>359,772,495</b>   | 381,774,308   |
| <b>FINANCE COST - NET</b>                   | 26   | <b>15,220,230</b>    | 18,158,826    |
| <b>INCOME BEFORE TAX</b>                    |      | <b>344,552,265</b>   | 363,615,482   |
| <b>INCOME TAX (EXPENSE) BENEFIT</b>         | 22   | <b>13,204,617</b>    | (2,006,108)   |
| <b>NET INCOME</b>                           |      | <b>331,347,648</b>   | 365,621,590   |
| <b>OTHER COMPREHENSIVE INCOME</b>           |      |                      |               |
| Gain (loss) on actuarial of retirement plan | 17   | <b>1,985,691</b>     | (726,968)     |
| <b>TOTAL COMPREHENSIVE INCOME</b>           |      | <b>333,333,339</b>   | 364,894,622   |

*See Separate Notes to Financial Statements*

**HAUS TALK, INC.**  
*(formerly Haus Talk Project Managers, Inc.)*

**SEPARATE STATEMENTS OF CHANGES IN EQUITY**  
*(In Philippine Peso)*

| <b>For the Years Ended December 31,</b>             | Note | <b>2025</b>                 | 2024                 |
|---|------|-----------------------------|----------------------|
| <b>SHARE CAPITAL</b>                                |      |                             |                      |
| Balance at end of year                              | 19   | <u>2,500,000,000</u>        | <u>2,500,000,000</u> |
| <b>SHARE PREMIUM</b>                                |      |                             |                      |
| Balance at end of year                              | 20   | <u>218,849,628</u>          | <u>218,849,628</u>   |
| <b>RETAINED EARNINGS</b>                            |      |                             |                      |
|   | 21   |                             |                      |
| Balance at beginning of year                        |      | <b>860,040,287</b>          | 544,418,697          |
| Dividend paid                                       |      | <b>(75,000,000)</b>         | (50,000,000)         |
| Net income for the year                             |      | <u><b>331,347,648</b></u>   | <u>365,621,590</u>   |
| Balance at end of year                              |      | <u><b>1,116,387,935</b></u> | <u>860,040,287</u>   |
| <b>ACTUARIAL GAIN ON DEFINED BENEFIT OBLIGATION</b> |      |                             |                      |
| Balance at beginning of year                        |      | <b>1,524,789</b>            | 2,251,757            |
| Gain (Loss) on actuarial of retirement plan         | 17   | <u><b>1,985,691</b></u>     | <u>(726,968)</u>     |
| Balance at end of year                              |      | <b>3,510,480</b>            | 1,524,789            |
| <b>TOTAL EQUITY</b>                                 |      | <u><b>3,838,748,043</b></u> | <u>3,580,414,704</u> |

*See Separate Notes to Financial Statements*

**HAUS TALK, INC.**  
(formerly Haus Talk Project Managers, Inc.)

**SEPARATE STATEMENTS OF CASH FLOWS**  
(In Philippine Peso)

| For the Years Ended December 31,                   | Notes   | 2025                   | 2024          |
|--|---------|------------------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>        |         |                        |               |
| Income before tax                                  |         | 344,552,265            | 363,615,482   |
| Adjustments for:                                   |         |                        |               |
| Provision for expected credit losses               | 7,13,22 | 578,557                | -             |
| Interest expense - bank loans                      | 16,26   | 15,068,666             | 18,025,803    |
| Interest expense - defined benefit obligation      | 17,26   | 185,844                | 34,771        |
| Retirement expense                                 | 17,28   | 1,825,281              | 1,720,178     |
| Interest income earned                             | 6       | (34,280)               | (54,228)      |
| Reclassification of assets                         | 12      | 8,304,810              | 11,027,731    |
| Depreciation                                       | 12,28   | 15,033,798             | 10,374,034    |
| Operating income before changes in working capital |         | <u>385,514,941</u>     | 404,743,771   |
| Changes in assets and liabilities:                 |         |                        |               |
| Receivables  | 7       | (322,089,810)          | 52,843,413    |
| Contract assets                                    |         | 208,376,919            | (802,214,036) |
| Real estate inventories                            |         | (1,466,666,856)        | (165,054,051) |
| Prepayments and other current assets               |         | (34,596,457)           | 6,541,473     |
| Other non-current assets                           |         | 1,604,406              | (7,826,051)   |
| Accounts and other payables                        |         | 41,491,072             | (9,384,653)   |
| Contract liability                                 |         | (15,372,344)           | 29,651,113    |
| Cash used from operations                          |         | <u>(1,201,738,129)</u> | (490,699,021) |
| Interest received                                  | 6       | 34,280                 | 54,228        |
| Income taxes paid                                  |         | <u>(9,377,473)</u>     | -             |
| Net Cash from Operating Activities                 |         | <u>(1,211,081,322)</u> | (490,644,793) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>        |         |                        |               |
| Acquisition of property and equipment              | 12      | (13,593,525)           | (37,904,341)  |
| Additional advances to related parties             | 18      | (43,248,018)           | (23,443,217)  |
| Net Cash from Investing Activities                 |         | <u>(56,841,543)</u>    | (61,347,558)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>        |         |                        |               |
| Additions to loans and borrowings                  | 16      | 1,358,813,863          | 653,022,285   |
| Additional advances from related parties           | 18      | (14,677,579)           | (2,335,635)   |
| Dividends paid                                     | 21      | (75,000,000)           | (50,000,000)  |
| Interest paid                                      | 16,26   | (15,068,666)           | (18,025,803)  |
| Net Cash from Financing Activities                 |         | <u>1,254,067,618</u>   | 582,660,847   |
| <b>NET INCREASE (DECREASE) IN CASH</b>             |         | <b>(13,855,247)</b>    | 30,668,496    |
| <b>CASH, BEGINNING</b>                             | 6       | <b>231,409,335</b>     | 200,740,839   |
| <b>CASH, ENDING</b>                                | 6       | <b>217,554,088</b>     | 231,409,335   |

See Separate Notes to Financial Statements

**HAUS TALK, INC.**  
*(Formerly Haus Talk Project Managers, Inc.)*

**SEPARATE NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2025 and 2024**  
*(In Philippine Peso)*

**NOTE 1 – GENERAL INFORMATION**

**HAUS TALK, INC.** (formerly *Haus Talk Project Managers, Inc.*) (the ‘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 23, 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 Company was approved by the Board of Investments (BOI) as a New Developer of Economic Housing Project for its Granary - Phase 1, located at Brgy. San Antonio, Biñan City, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2023-152 valid from August 8, 2023, and four (4) years thereafter provides exemption from income tax on revenue generated and twelve (12) years duty exemption from the said project.

The Company was approved by the Board of Investments (BOI) as an Expanding Developer of Economic Housing Project for its The Granary Phase 2 and The Granary Phase 3, located at Brgy. San Antonio, Biñan City, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2024-069 and 2024-362 valid from March 22, 2024 and December 16, 2024, respectively, and three (3) years thereafter provides exemption from income tax on revenue generated and twelve (12) years duty exemption from the said projects.

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

**NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.1 Statement of compliance**

The accompanying separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

**2.2 Basis of preparation**

The separate financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council, including SEC Pronouncements and memorandum circulars.

### **2.3 Going concern assumption**

The preparation of the accompanying separate financial statements of the Company is based on the premise that the Company operates on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The management does not intend to liquidate.

### **2.4 Functional and presentation currency**

The separate financial statements are presented in Philippine peso, which is the presentation and functional currency of the Company. All financial information presented has been rounded off to the nearest Peso unless otherwise stated.

### **2.5 Use of judgment and estimates**

The preparation of the Company's separate financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Company's separate financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Company's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revision to accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where significant judgments and estimates have been made in preparing the separate financial statements and their effects are disclosed in Note 4.

### **2.6 Adoption of new and revised accounting standards**

The accounting policies adopted in the preparation of the Company's separate financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations. The adoption of these new and amended standards and interpretations did not have significant impact on the Company's separate financial statements unless otherwise stated.

#### **Effective beginning on or after January 1, 2025**

*Amendments to PAS 21 - Lack of Exchangeability.* An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

*IFRIC Agenda Decision Over Time Transfer of Constructed Goods for Real Estate Industry* – In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of International Financial Reporting Standards Accounting Standards 15 (PFRS Accounting 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

#### **Standards and Interpretations Issued but not yet Effective**

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on the separate financial statements. The Company intends to adopt the following pronouncements when they become effective.

### Effective beginning on or after January 1, 2026

*Amendments to PFRS 9 and PFRS 7, Classification and Measurement of Financial Instruments PFRS 9 and PFRS 7* The standard provides a robust and transparent framework for classifying, measuring, and disclosing financial instruments in Philippine financial reporting. The amendments enhance clarity, improve alignment with PFRS, and strengthen investor confidence through better disclosure of risks and valuation practices.

#### *Annual Improvements to PFRS Accounting Standards - Volume 11*

- Amendments to PAS 7, *Cost Method*
- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
- Amendments to PFRS 7, *Gain or Loss on Derecognition*
- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
- Amendments to PFRS 10, *Determination of a "De Facto Agent"*

Volume 11 provides targeted, minor amendments to improve clarity, consistency, and cross-references across PFRS standards without introducing substantive new requirements. Compliance ensures alignment with contemporary PFRS interpretations and reduces the risk of misapplication.

The Company is currently assessing the impact of adopting these standards on its separate financial statements.

### Effective beginning on or after January 1, 2027

*PFRS 18, Presentation and Disclosure in Financial Statements.* The new standard impacts the classification of profit or loss items (i.e. into operating, investing, and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e. operating profit, and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures.

*PFRS 19 Subsidiaries without Public Accountability.* The standard allows eligible subsidiaries to apply PFRS accounting principles with significantly reduced disclosure requirements, offering practical and cost relief while maintaining transparency for users. It is particularly relevant for subsidiaries whose parents report publicly under PFRS, allowing consistent financial reporting across the group with a streamlined, user-focused disclosure approach

The Company is currently assessing the impact of adopting this standard on its financial statements.

### Deferred effectivity

*Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council (FRSC) deferred the original effective date of January 1, 2026 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the financial statements in the year of adoption, if applicable.

### NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these separate financial statements are summarized below. The policies have been consistently applied to all years presented unless otherwise stated.

#### **3.1 Financial assets and financial liabilities**

*Date of recognition.* The Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*Initial recognition and measurement.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

*Classification.* The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

*Financial assets at amortized cost.* Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As of December 31, 2025 and 2024, the Company's cash, receivables, contract assets, refundable deposits, and advances to related parties are included under this category.

*Financial assets at FVPL.* Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognized in the statements of comprehensive income. As at December 31, 2025 and 2024, the Company has no financial assets at FVPL.

*Financial assets at FVOCI.* For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As of December 31, 2025 and 2024, no accounts are included under this category.

*Financial liabilities at amortized cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As of December 31, 2025 and 2024, the Company's accounts and other payables, contract liabilities, loans and borrowings, and advances from related parties are included under this category.

### **3.2 Separate financial statements and investment in subsidiaries**

These separate financial statements are presented with comparative information from the Company's prior period separate financial statements. The Company also prepared consolidated financial statements available for public use and that comply with PFRS. The consolidated financial statements can be found at the Company's registered address.

A subsidiary is an entity that is controlled by another entity. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. An entity obtains and exercises control through owning; directly or indirectly through subsidiaries, more than half of the voting power of the entity.

The investment in subsidiaries is accounted for in the separate financial statements at cost, less any impairment loss.

### **3.3 Reclassification**

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

### **3.4 Impairment of financial assets at amortized cost and FVOCI**

The Company records an allowance for “expected credit loss” (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate.

For loan receivables, the Company has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

At each reporting date, the Company assesses whether financial assets at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

### **3.5 Derecognition of financial assets and liabilities**

*Financial assets.* A financial asset (or where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

*Financial liabilities.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

### **3.6 Offsetting financial instrument**

Financial assets and financial liabilities are offset and the net amount reported in the separate statement of financial position if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

### **3.7 Classification of financial instrument between liability and equity**

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

### **3.8 Current versus non-current classification**

The Company presents assets and liabilities in the separate statement of financial position based on current/non-current classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period, or
- Cash on hand and in banks unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### **3.9 Foreign currency transactions and translation**

Transactions in foreign currencies are initially recorded by the Company at the respective functional currency rates prevailing at the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statements of comprehensive income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in OCI until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits applicable to exchange differences on these monetary items are also recorded in the OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the par value is determined.

### **3.10 Fair value measurements**

The Company measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

### **3.11 Cash**

Cash includes cash on hand and in banks which are measured at face value. Cash in banks earns interest at respective bank deposit rates

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.

### **3.12 Receivables**

Receivables are amounts due from clients for sale of real estate and 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.

### **3.13 Real estate inventories**

Real estate inventories consist 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.

Real estate 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 Company 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.

### **3.14 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.

### **3.15 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.

### **3.16 Investment in subsidiaries**

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by the Parent Company. The Parent Company has control over an entity if it has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Investment subsidiary in the separate financial statements is carried at cost, less any impairment in the value of the individual investment.

### **3.17 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.

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                   |
| Leasehold improvement    | 5                   |
| Warehouse equipment      | 5                   |
| Temporary facilities     | 5                   |
| Office equipment         | 3                   |
| Computer software        | 3                   |
| Right of use assets      | 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 ceases at the earlier of the date that the item is classified as held for sale in accordance with PFRS 5, *Non-current 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 useful lives, and depreciation methods are reviewed periodically to ensure that the estimated residual values, periods and methods of depreciation 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 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 any allowance for impairment loss are eliminated from the accounts and any resulting gain or loss is credited or charged to 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 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.

### **3.18 Impairment of non-financial assets**

#### *General*

An assessment is made at each financial reporting date of whether there is any indication of impairment of an asset, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the assets recoverable amount is calculated as the higher of the assets value in use or net selling price.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to operations in the period which it arises.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but only to the extent of the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is credit to current operations.

#### *Property and equipment*

The Company assesses at each financial reporting date whether there is an indication that an asset may be impaired. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amounts exceed the estimated recoverable amounts, the assets or cash generating units (CGU) are written down to their estimated recoverable amounts. The estimated recoverable amount of an asset is the greater of the fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the cost of disposal, while the value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the CGU to which the asset belongs. Impairment losses of continuing operations are recognized in the statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed by a credit to current operations (unless the asset is carried at a revalued amount in which case the reversal of the impairment loss is credited to the revaluation increment of the same asset) to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation and depletion) had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statements of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal, the amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on systematic basis over its remaining useful life.

### **3.19 Accounts and other payables**

Accounts and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business if longer); otherwise, they are presented as non-current liabilities.

Accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with supplier including amounts due to employees. It is necessary to estimate the amounts of accruals; however, the uncertainty is generally much less than for provision.

Government dues and remittances include withholding income taxes which represent taxes retained by the Company for an item of income required to be remitted to the Bureau of Internal Revenue (BIR). The obligation of the Company to deduct and withhold the taxes arises at the time the income payment is paid or payable, or the income payment is accrued or recorded as an expense or asset, whichever comes first. The term "payable" refers to the date the obligation becomes due, demandable, or legally enforceable.

Accounts and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

### **3.20 Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### **3.21 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized as expense in profit or loss in the period in which they are incurred.

#### *IFRIC Agenda Decision on *Over Time Transfer of Constructed Goods**

In relation to customized or constructed goods where revenue is recognized over time, the Company determined that:

- Control of the asset is transferred to the customer as the asset is created;
- Accordingly, the related work-in-progress is not controlled by the Company and does not qualify as a qualifying asset.

Therefore, borrowing costs incurred in relation to such contracts are recognized as expense when incurred.

For contracts where revenue is recognized at a point in time, work-in-progress remains under the control of the Company. In such cases, borrowing costs may be capitalized provided that the asset meets the definition of a qualifying asset.

As of December 31, 2025 and 2024 the total borrowing costs recognized as expense amounting to ₱15,068,666 and ₱18,025,803, respectively. (Note 16)

Borrowing cost capitalized for the years 2025 and 2024 amounted to ₱170,022,644 and ₱104,983,506, which were directly attributable to the development and construction of qualifying assets, primarily real estate properties under development and construction in progress. (Note 16)

### **3.22 Advances from related parties**

These includes receipts of resources, services or obligations to affiliates, regardless of whether a price is charged from the related parties. The amount is presented as current liability if payment is expected in one year or less, otherwise, they are presented as non-current liabilities.

### **3.23 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 Company, 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 Company. 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.

### **3.24 Retained earnings**

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.

### **3.25 Revenue recognition**

#### *Revenue from contract with customers*

The Company derives its real estate revenue from the sale of subdivision land and residential units. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

Revenue is recognized only when the Company 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.

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.

#### *Revenue from Contracts with Customers under IFRIC Agenda Decision on Over Time Transfer of Constructed Goods*

For contracts involving the construction or customization of goods for retail customers, the Company assesses whether revenue should be recognized over time or at a point in time.

Revenue is recognized over time when:

- The asset being constructed has no alternative use to the Company; and
- The Company has an enforceable right to payment for performance completed to date, including a reasonable profit margin.

Where the above criteria are met, revenue is recognized over time using the input method (cost-to-cost basis), which reflects the Company’s progress in transferring control of goods to the customer.

If these criteria are not met, revenue is recognized at a point in time, generally upon delivery and acceptance of the goods by the customer.

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

#### *Real estate sales*

The Company entered into reservation agreements with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate units covers subdivision land and residential house units and the company concluded that there is one performance obligation in each of these contracts. The company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

The payment commences upon signing of the reservation agreement and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payment of 10% - 20% of the contract price to be paid over a maximum of 24 months at a fixed payment for horizontal developments and with remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to 15 years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customers does not necessarily coincide with the progress of construction, which results in either installment contracts receivable or contract liability.

After the delivery of the completed real estate unit, the company provides a one-year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by the company as a quality assurance warranty and not treated as a separate performance obligation.

The performance obligations expected to be recognized within one year and more than one year relate to the continuous development of the real estate projects.

#### *Income from forfeited reservations and collections*

Income from forfeited reservations 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. Such income is also recognized, subject to the provisions of Republic Act 6552, Realty Installment Buyer Act, upon prescription of the period for the payment of required amortizations from defaulting buyers.

#### *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 Company'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 Company 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 Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

The contract liabilities also include payments received by the Company from the customers for which revenue recognition has not yet commenced.

The Company's contract fulfilment assets pertain to land acquisition costs.

### **3.26 Cost 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 statement of financial position as an asset.

#### *Cost of real estate sales*

The Company 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.

#### *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.

### **3.27 Employees benefits**

Employee benefits are all forms of considerations given by the Company in exchange for service rendered by the employees. It includes short-term employee benefits and post-employment benefits.

#### *Short-term benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### *Termination benefits*

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefit, short-term employee benefits, or other long-term employee benefits.

#### *Retirement benefits*

The Company does not have a defined contribution plan or any formal retirement plan that covers the retirement benefits of its employees. However, under the existing regulatory framework, Republic Act No. 7641, otherwise known as the Philippine Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining agreement and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan.

Republic Act No. 7641 relates to a defined benefit plan. A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company. The Company's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the statement of financial position for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the financial reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually

by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

The cost of providing benefits under the defined benefits plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- a. service cost
- b. net interest on the net defined benefit liability or asset
- c. remeasurement of net defined benefit liability or asset

Service cost which include current service costs, past service costs and gains or losses on non-routine settlement are recognized as expense in the statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries. Net interest on the net defined liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the separate statement of comprehensive income.

Remeasurement comprising actuarial gains and losses, return on plan assets and any changes in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the separate statement of comprehensive income in subsequent periods.

Past-service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

### **3.28 Leases**

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company assesses whether the contract meets three key evaluations which are whether:

- a) the contract contains an *identified asset*, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company,
- b) the Company has the *right to obtain substantially all of the economic benefits* from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract,
- c) the Company has the *right to direct the use* of the identified asset throughout the period of use.

The Company shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

#### **As a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### **(a) Right-of-use asset**

At the initial application date, the Company recognizes a right-of-use asset on the separate statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

*(b) Lease liability*

At the initial application date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

*Short-term leases and leases of low-value assets*

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**3.29 Income taxes**

*Current taxes*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the separate statements of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred taxes*

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of Minimum Corporate Income Tax (MCIT) over the regular income tax and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither the accounting profit nor taxable profit (or loss).

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle the liabilities simultaneously.

### **3.30 Value Added Taxes (VAT)**

Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

For sale of real estates including house and lots and other residential dwellings with a selling price of not more than ₱3,600,000, a tax exemption applies.

Output tax pertains to the 12% VAT received or receivable on the local sale of goods or services by the Company. Input tax pertains to the 12% VAT paid or payable by the Company in the course of its trade or business on purchase of goods or services. At the end of each taxable period, if output tax exceeds input tax, the outstanding balance is paid to the taxation authority. If input tax exceeds output tax, the excess shall be carried over to the succeeding months.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of 'prepayments and other current assets' or 'accounts and other payables' in the separate statements of financial position.

### **3.31 Related party transactions and relationship**

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Company and close members of the family of any individuals owning directly or indirectly a significant voting power of the Company that gives them significant influence in the financial and operating policy decisions of the Company are also considered to be related parties.

An entity is related to the Company if any of the following conditions apply:

- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
- Both entities are joint ventures of the same third party
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity

- The entity is a post-employment benefit plan for the benefit of employees of either the company of an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company
- The entity is controlled or jointly controlled by a person identified above
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Company and include that person's children and spouse or domestic partner, and dependents of that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Company when it directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the Company. Transactions between related parties are based on terms similar to those offered to non-related entities in an economically comparable market, except for non-interest-bearing advances with no definite repayment terms.

### **3.32 Provisions and contingencies**

The Company recognizes a provision of a present obligation has arisen as a result of a past event, payment is probable and the amount can be measured reliably. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is, the amount the Company would rationally pay to settle the obligation to a third party.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but are disclosed when an inflow of economic benefits is probable.

### **3.33 Earnings per share (EPS) attributable to equity holders**

Basic EPS is calculated by dividing the profit attributable to the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding and assume conversion of all dilutive potential ordinary shares.

If the number of ordinary or potential shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted EPS for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

The Company has no dilutive potential common shares outstanding.

### **3.34 Events after the reporting date**

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events), if any, are reflected in the separate financial statements. Post year-end events that are not adjusting events, if any, are disclosed in the notes when material to the separate financial statements.

## **NOTE 4 – SUMMARY OF ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the separate financial statements in conformity with PFRS requires the Company's management to make estimates, assumptions and judgments that affect the amounts reported in the separate financial statements and accompanying notes.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates, assumptions and judgments are reviewed and evaluated on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **4.1 Judgments**

##### **(a) Going concern**

As of December 31, 2025 and 2024, the Company's management has made an assessment on the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the separate financial statements continue to be prepared on the going concern basis.

##### **(b) Determination of functional currency**

The separate financial statements are presented in the Philippine Peso, which is also the Company's functional currency. The Company determines the functional currency and items included in the separate financial statements measured using that functional currency.

##### **(c) Fair value measurements**

A number of the Company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Company uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

##### **(d) Classification of financial instruments**

The Company manages its financial assets based on business models that maintain adequate liquidity level and preserve capital requirements, while maintaining a strategic portfolio of financial assets for accrual and trading activities consistent with its risk appetite.

In determining the classification of a financial instrument under PFRS 9, the Company evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Company considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Company can explain the reasons for those sales and why those sales do not reflect a change in the Company's objective for the business model.

##### **(e) Revenue recognition from contracts with customers**

Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the (a) identification of the contract for sale of services that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; and (c) determining the timing of satisfaction of the performance obligation.

*(f) Assessing significant influence and control over investee.*

The Company determines that it has control over its subsidiaries by considering, among others, its power over 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. The following are also considered:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual agreements.
- The Company's voting rights and potential voting rights.

Management has assessed the level of influence the Company has on Tradition Homes, Inc. (formerly known as Tradition Homes Project Managers, Inc.) and Lifestyle Development Corporation and determines that it has control by virtue of the Company holding 100% voting power over both companies.

*(g) Identification of the contract*

The Company's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contracts to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with customer under PFRS 15.

In addition, part of the assessment of the Company before revenue recognition is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company considers the significance if the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as payment history of customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

*(h) Measure of progress*

The Company has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Company's performance in transferring control of real estate development (which include customized uninstalled materials) to the customers. The Company determined that in the case of customized materials, the Company is not just providing a simple procurement service to the customer as it is significantly involved in the design and details of the manufacture of the materials.

*(i) Determining transaction price of sale of real estate*

The Company determines whether a contract contains a significant financing component using portfolio approach by considering (1) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (2) the effect of the expected length of time between when the entity transfers the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing effective interest rate. The Company applied practical expedient by not adjusting the effect of financing component when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Company determined that its transaction price on sale of real estate recognized over time do not include a significant financing component.

*(j) Determining performance obligation*

With respect to equity sale of real properties, the Company concluded that the transfer of goods and services in each contract constitute a performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Company is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct in the context contract.

The Company uses those goods and services as inputs and provides a significant service of integrating them into a combined output.

*(k) Determining the timing of satisfaction of the performance obligation*

The Company concluded that revenue from contracts with customers is to be recognized at a point in time since it does not fall within any of the following conditions to be met for a recognition over a period of time:

- (a) The customer receives and consumes the benefits of the goods or services as they are provided by the Company;
- (b) the Company's performance does not create an asset with an alternative use and;
- (c) the goods or services create or enhances an asset that the customer controls as that asset is created and enhanced.

The promised property is specifically identified in the contract and the contract has a restriction on the Company for redirecting the use of the property for other purposes. In addition, the customer is contractually obliged to make payments to the developer up to the end of contract terms.

*(l) Determining Timing of Revenue Recognition under IFRIC Agenda Decision on Over Time Transfer of Constructed Goods*

In applying the IFRIC Agenda Decision on *Over Time Transfer of Constructed Goods*, management assesses:

- Whether the goods are highly customized and have no alternative use;
- Whether the Company has an enforceable right to payment, including enforceability under applicable laws and contractual terms; and
- Whether the input method appropriately measures progress toward completion.

*(m) Determination whether an arrangement contains a lease*

The determination of whether a contract is, or contains a lease, is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

*(n) Accounting for lease commitments – Company as lessee*

The Company has a lease agreement for its office space with a term of 12 months and is renewable upon mutual agreement of both parties. The Company availed of exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on the short-term lease are recognized as expense on a straight-line basis over the lease term.

Rent expense arising from operating lease agreements amounted to ₱1,252,422 and ₱999,093 in 2025 and 2024, respectively (see Note 28 and 29).

*(o) Repairs and maintenance*

Costs of repairs and maintenance that do not result in an increase in the future economic benefit of an item of property and equipment is charged to operations in the period it is incurred. Otherwise, it is capitalized as part of the asset.

#### **4.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the separate financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below.

*(a) Fair values of financial instruments*

PFRS requires that financial assets and financial liabilities be carried or disclosed at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, and volatility rates), the amount of changes in fair value would differ if the Company utilized different valuation methodologies. Any change in the fair values of financial assets and financial liabilities directly affects profit or loss, equity, and the required disclosures.

Where the fair values of financial assets and financial liabilities recorded in the separate statements of financial position cannot be derived from active markets, their fair values are determined using valuation techniques that are generally-accepted market valuations including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values.

The fair values of financial assets and financial liabilities by category and their fair value hierarchy are set out in Note 5 to the notes to separate financial statements.

*(b) Revenue recognition method*

The Company concluded that revenue from sale of real estate is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Company ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. The cost to obtain a contract is recognized using the percentage-of-completion method, except for commissions. Commissions are recognized as an expense in the period incurred for contracts with short-term benefits or contracts with a duration of one year or less.

Revenue from sale of real estate amounted to ₱1,243,789,241 and ₱1,352,556,755 for the years ended December 31, 2025 and 2024, respectively (see Note 23), while the cost of real estate sold amounted to ₱682,914,943 and ₱747,357,607 for the years ended December 31, 2025 and 2024, respectively (see Note 25).

*(c) Definition of default and credit-impaired installment contracts receivable*

The Company defines the account as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

*Quantitative criteria*

The customer receives a notice of cancellation and does not continue the payments.

*Qualitative criteria*

The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty.

These are instances where:

1. The customer is experiencing financial difficulty or is insolvent
2. The customer is in breach of financial covenant(s)
3. An active market for that financial asset has disappeared because of financial difficulties
4. Concessions have been granted by the Company, for economic or contractual reasons relating to the customer's financial difficulty
5. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (ED) throughout the Company's expected loss calculation.

*(d) Allowance for expected credit losses of receivables*

The Company reviews its impaired receivables at each reporting date to assess whether an additional provision for credit losses should be recorded in the profit and loss. In particular, judgment by Management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about number of factors and actual results may differ, resulting in future changes to the allowance.

The carrying value of receivables amounted to ₱1,064,460,797 and ₱742,949,544 as of December 31, 2025 and 2024, respectively (Note 7).

In case of default, dunning letters are to be sent to the customers indicating the overdue accounts. The following actions should be carried out depending if the default payments pertain to equity of amortization.

#### Equity

1. 1st Equity Default – Issue Forfeiture Letter with Statement of Account (SOA)
2. 2nd Equity Onwards – Issue the 1st Demand Letter with Statement of Account (SOA), call and/or text the customer. If still no payment within five (5) days from receipt of the 1st demand letter, a Final Demand to Pay with the Statement of Account (SOA) will be issued with corresponding call and/or text to the customer. If within sixty (60) days from receipt of the 2nd Demand Letter, no payment has been made, the Group will issue a notarized Notice of cancellation (NOC). After thirty (30) days from receipt of NOC, no payment received from the customer, the unit shall reopen for resale.

#### Amortization

1. Customers with delayed payments
  - Issue the 1st Notice of Overdue Payment (NOP) with Statement of Account (SOA) with corresponding call or email to the customer.
  - If within five (5) days from receipt of 1st Notice of Overdue Payment (NOP), no payment has been made, the Group will issue Final Demand to Pay.
2. With payments for two (2) years or less
  - If no payment within sixty (60) days from receipt of Final Demand Letter, the Group will issue a notarized Notice of Cancellation (NOC). However, if the customer response to the NOC, Loan Restructuring will be offered, subject to the approval by the Management. If after thirty (30) days, no response from the customer, contract will be cancelled and open for resale.
3. With payments for more than two (2) years
  - If no payment within ninety (90) days from receipt of Final Demand Letter, the Group will issue a notarized Notice of Cancellation (NOC) and the unit will be re-opened for sale.

Allowance for credit losses was recognized amounting to ₱578,557 and nil as of December 31, 2025 and 2024, respectively. Neither write-off nor recoveries were also recognized as of December 31, 2025 and 2024. (Note 7)

#### (e) Evaluation of net realizable value of real estate inventories

Real estate inventories are valued at the lower of cost and NRV. This requires the Company to make an estimate of the inventories' estimated selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. For real estate inventories, the Company adjusts the cost of its real estate inventories to its net realizable value based on its assessments of the recoverability of the real estate inventories. In determining the recoverability of the inventories considers whether those inventories are damaged or if their selling process have declined.

Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. In the event that NRV is lower than the cost, the decline is recognized as an expense. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Real estate inventories carried at cost amounted to ₱3,571,687,907 and ₱2,105,021,051 as of December 31, 2025 and 2024, respectively (Note 9). No impairments were assessed for the inventories as of December 31, 2025 and 2024.

#### (f) Assessing impairment of investment in a subsidiary

The Company assesses impairment on investment in a subsidiary whenever events or changes in circumstances indicate that the carrying amount of its investment may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant negative industry or economic trends; and
- Significant changes in the manner of use of the acquired assets or the strategy for overall business.

In determining the present value of estimated future cash flows expected to be generated from the investment, the Company is required to make judgment and estimates that can materially affect the separate financial statements.

No impairment loss on investment in a subsidiary was recognized in 2025 and 2024.

The carrying amount of the Company's investment in a subsidiary amounted to ₱135,737,500 as of December 31, 2025 and 2024 (see Note 11).

*(g) Estimating residual values and useful lives of property and equipment*

The Company estimates residual values and useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that the future results of operations could be materially affected by changes in estimates brought by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded expenses and decrease non-current assets.

The carrying amounts of property and equipment amounted to ₱43,661,364 and ₱53,406,447 as of December 31, 2025 and 2024, respectively (Note 12). Useful lives of property and equipment is disclosed in Note 3.17.

*(h) Estimating impairment losses on property and equipment*

The Company assesses impairment on its property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from continued use of the assets, the Company is required to make estimates that can materially affect the financial statements.

The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For purposes of assessing impairment, assets are assessed at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized and charged to separate statements of income if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. There was no provision for impairment loss on property and equipment recognized in 2025 and 2024.

*(i) Estimating allowance for impairment losses on non-financial assets (except property and equipment)*

The Company provides allowance for impairment losses on non-financial assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease related assets.

There was no indication of impairment noted on the Company's non-financial assets in 2025 and 2024.

*(j) Realizable amount of deferred tax assets*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets amounted to ₱1,411,580 and ₱2,930,707 for 2025 and 2024, respectively (Note 13).

### 4.3 Provision and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. The policy on the recognition and disclosure of provisions is discussed in Note 3.

## **NOTE 5 – CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

### 5.1 Carrying amounts and fair values by category

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the separate Statements of Financial Position are shown below:

| Particulars                             | 2025                   |                        | 2024                   |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | Fair Value             | Carrying Value         | Fair Value             | Carrying Value         |
| <b>Financial assets</b>                 |                        |                        |                        |                        |
| Cash in bank (Note 6)                   | ₱ 216,696,838          | ₱ 216,696,838          | ₱ 230,935,085          | ₱ 230,935,085          |
| Receivables – net (Note 7)              | 1,064,460,797          | 1,064,460,797          | 742,949,544            | 742,949,544            |
| Contract assets (Note 8)                | 620,463,732            | 620,463,732            | 828,840,651            | 828,840,651            |
| Advances to related parties (Note 18)   | 1,497,997,028          | 1,497,997,028          | 1,454,749,010          | 1,454,749,010          |
| Refundable deposits (Note 13)           | 10,118,855             | 10,118,855             | 10,204,135             | 10,204,135             |
| <b>Total</b>                            | ₱ <b>3,409,737,250</b> | ₱ <b>3,409,737,250</b> | ₱ <b>3,267,678,425</b> | ₱ <b>3,267,678,425</b> |
| <b>Financial liabilities</b>            |                        |                        |                        |                        |
| Accounts and other payables* (Note 14)  | ₱ 139,794,660          | ₱ 139,794,660          | ₱ 126,456,537          | ₱ 126,456,537          |
| Contract liabilities (Note 15)          | 14,278,769             | 14,278,769             | 29,651,113             | 29,651,113             |
| Loans and borrowings (Note 16)          | 2,875,423,516          | 2,875,423,516          | 1,516,609,653          | 1,516,609,653          |
| Advances from related parties (Note 18) | 307,570,356            | 307,570,356            | 322,247,935            | 322,247,935            |
| <b>Total</b>                            | ₱ <b>3,337,067,301</b> | ₱ <b>3,337,067,301</b> | ₱ <b>1,994,965,238</b> | ₱ <b>1,994,965,238</b> |

\*excluding government liabilities

Due to their short duration of the financial assets and liabilities, management considers the carrying amounts recognized in the statements of financial position to be reasonable approximation of their fair values.

The methods and assumptions used by the Company in estimating the fair value of financial instruments that are recorded at cost or amortized cost are as follows:

*Cash in bank, Receivables and Payables (excluding statutory payables).* The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturity of these financial instruments.

*Refundable deposits, Advances to (from) related parties, Loans and borrowings.* The carrying amounts of these related party transactions approximate their fair values.

### 5.2 Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the separate statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy Company's financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Quoted prices in active markets for identical assets and liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or the liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table summarizes the fair value hierarchy of the Company's financial assets and liabilities, which are measured at fair value or requires disclosure as prescribed by other PFRS, as at December 31, 2025 and 2024:

| Particulars                               | December 31, 2025      |            |                        |                        |
|---|------------------------|------------|------------------------|------------------------|
|   | Level 1                | Level 2    | Level 3                | Total                  |
| Financial assets at amortized cost:       |                        |            |                        |                        |
| Cash in bank (Note 6)                     | ₱ 216,696,838          | ₱ -        | ₱ -                    | ₱ 216,696,838          |
| Receivables – net (Note 7)                | -                      | -          | 1,064,460,797          | 1,064,460,797          |
| Contract assets (Note 8)                  | -                      | -          | 620,463,732            | 620,463,732            |
| Advances to related parties (Note 18)     | -                      | -          | 1,497,997,028          | 1,497,997,028          |
| Refundable deposits (Note 13)             | -                      | -          | 10,118,855             | 10,118,855             |
| <b>Total</b>                              | <b>₱ 216,696,838</b>   | <b>₱ -</b> | <b>₱ 3,193,040,412</b> | <b>₱ 3,409,737,250</b> |
| Financial liabilities at amortized cost:  |                        |            |                        |                        |
| Accounts and other payables* (Note 14)    | ₱ -                    | ₱ -        | ₱ 139,794,660          | ₱ 139,794,660          |
| Contract liabilities (Note 15)            | -                      | -          | 14,278,769             | 14,278,769             |
| Loans and borrowings (Note 16)            | 2,875,423,516          | -          | -                      | 2,875,423,516          |
| Advances from related parties (Note 18)   | -                      | -          | 307,570,356            | 307,570,356            |
| <b>Total</b>                              | <b>₱ 2,875,423,516</b> | <b>₱ -</b> | <b>₱ 461,643,784</b>   | <b>₱ 3,337,067,301</b> |
| <i>* excluding government liabilities</i> |                        |            |                        |                        |
| Particulars                               | December 31, 2024      |            |                        |                        |
|   | Level 1                | Level 2    | Level 3                | Total                  |
| Financial assets at amortized cost:       |                        |            |                        |                        |
| Cash in bank (Note 6)                     | ₱ 230,935,085          | ₱ -        | ₱ -                    | ₱ 230,935,085          |
| Receivables – net (Note 7)                | -                      | -          | 742,949,544            | 742,949,544            |
| Contract assets (Note 8)                  | -                      | -          | 828,840,651            | 828,840,651            |
| Advances to related parties (Note 18)     | -                      | -          | 1,454,749,010          | 1,454,749,010          |
| Refundable deposits (Note 13)             | -                      | -          | 10,204,135             | 10,204,135             |
| <b>Total</b>                              | <b>₱ 230,935,085</b>   | <b>₱ -</b> | <b>₱ 3,036,743,340</b> | <b>₱ 3,267,678,425</b> |
| Financial liabilities at amortized cost:  |                        |            |                        |                        |
| Accounts and other payables* (Note 14)    | ₱ -                    | ₱ -        | ₱ 126,456,537          | ₱ 126,456,537          |
| Contract liabilities (Note 15)            | -                      | -          | 29,651,113             | 29,651,113             |
| Loans and borrowings (Note 16)            | 1,516,609,653          | -          | -                      | 1,516,609,653          |
| Advances from related parties (Note 18)   | -                      | -          | 322,247,935            | 322,247,935            |
| <b>Total</b>                              | <b>₱ 1,516,609,653</b> | <b>₱ -</b> | <b>₱ 478,355,585</b>   | <b>₱ 1,994,965,238</b> |
| <i>*excluding government liabilities</i>  |                        |            |                        |                        |

As of December 31, 2025 and 2024, there are no financial assets or financial liabilities measured at fair value. There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2025 and 2024.

#### Financial instruments not measured at fair value for which fair value is disclosed

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine fair value of such instruments are not based on observable market data.

**NOTE 6 – CASH**

As of December 31, the account consists of:

| Particulars  | 2025                 | 2024                 |
|--------------|----------------------|----------------------|
| Cash on hand | ₱ 857,250            | ₱ 474,250            |
| Cash in bank | <u>216,696,838</u>   | <u>230,935,085</u>   |
| Total        | <u>₱ 217,554,088</u> | <u>₱ 231,409,335</u> |

Cash on hand pertains to petty cash and revolving fund.

Cash in bank earns annual interests at the bank's respective deposit rates. Interest income from bank deposits amounted to ₱34,280 and ₱54,228 for the years ended December 31, 2025 and 2024, respectively (Note 26).

**NOTE 7 – RECEIVABLES – NET**

As of December 31, the account consists of:

| Particulars   | 2025                   | 2024                 |
|---|------------------------|----------------------|
| Receivables from customers                                  | ₱ 826,135,654          | ₱ 690,989,584        |
| Receivables at amortized cost from:                         |                        |                      |
| Contractors   | 33,333,022             | 10,777,088           |
| Officers and employees                                      | 7,407,972              | 6,748,398            |
| Broker  | 3,507,229              | 3,517,229            |
| Buyer   | 2,767,231              | 2,765,798            |
| Suppliers   | 473,925                | 1,932,249            |
| Others  | <u>191,414,321</u>     | <u>26,219,198</u>    |
| Gross receivables   | ₱ 1,065,039,354        | ₱ 742,949,544        |
| Less: Allowance for expected credit losses (Note 22 and 28) | <u>578,557</u>         | <u>-</u>             |
| Receivables – net   | <u>₱ 1,064,460,797</u> | <u>₱ 742,949,544</u> |

*Receivables from customers*

Receivables from customers pertain to receivables from the sale of condominium units and lots which are generally non-interest bearing and financed by the local banks or the home development mutual fund or the Pag-IBIG upon settlement of outstanding balance of at least 80% to 90% of the total contract price, subject to approval of the latter. Upon approval, proceeds are considered as payment of the related receivables and loan balances.

Trade receivables from real estate buyers who availed in-house financing are interest bearing and are collectible in equal monthly installments with various terms up to a maximum of fifteen (15) 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 18.00%.

*Receivables from contractors, suppliers, and brokers*

These receivables mainly consist of refundable advances, unliquidated billings, and amounts due from brokers arising from commission arrangements in the ordinary course of business. These receivables at amortized cost are non-interest bearing and collectible within one year from reporting date.

#### *Receivables from buyers*

These are post sales expenses due on the buyer. Post sales expense like, water meter, electric post, monthly dues, fire extinguisher, smoke detector, etc. The Company will accommodate first the payment on the expenses incurred to suppliers.

#### *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 such as clearance, permits, and other fees, 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 Company may cancel the contract with customers and find another buyer of the real estate thus, no allowance for expected credit losses was recognized in 2024 and 2023. The Company accounts for sales cancellations as a contract modification under PFRS 15. Upon cancellation, the Company reverses the previously recognized revenue and related costs of sales for the portion of the contract that is no longer enforceable. The repossessed unit is reinstated to 'Real Estate Inventory' at its specific historical cost.

During the year, the Company provide allowance for expected credit losses amounting to ₱578,557 (Note 22 and 28).

### **NOTE 8 – CONTRACT ASSETS**

As of December 31, 2025 and 2024, the account consists of:

| Particulars                                 | 2025                 | 2024                 |
|---|----------------------|----------------------|
| Contract assets                             | ₱ 620,463,732        | ₱ 828,840,651        |
| Less: contract assets – non-current portion | <u>52,371,737</u>    | <u>40,000,247</u>    |
| Contract assets – current portion           | <u>₱ 568,091,995</u> | <u>₱ 788,840,404</u> |

#### *Contract assets – Real estate*

For real estate segment, contract assets are initially recognized for revenue earned from property under development rendered but not yet to be billed to customers. Upon billing of invoice, the amounts recognized as contract assets are reclassified as installment contracts receivable.

### **NOTE 9 – REAL ESTATE INVENTORIES**

As of December 31, the account consists of:

| Particulars   | 2025                   | 2024                   |
|---|------------------------|------------------------|
| Beginning balance   | ₱ 2,105,021,051        | ₱ 1,939,967,000        |
| Land acquired during the year                               | 1,179,847,795          | 185,630,591            |
| Construction and development costs incurred during the year | 969,734,004            | 726,781,067            |
| Less: Cost of sales (Note 25)                               | <u>682,914,943</u>     | <u>747,357,607</u>     |
| Ending balance  | <u>₱ 3,571,687,907</u> | <u>₱ 2,105,021,051</u> |

Real estate inventories are carried at the lower of cost or net realizable value (NRV). There was no allowance for impairment of inventories as of December 31, 2025 and 2024.

Land for sale and development represents real estate subdivision projects in which the Company has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines. It also includes raw land inventories that are under development and those that are about to undergo development.

Real estate inventories recognized as cost of sales are included as cost of real estate sales in the separate statements of comprehensive income. Cost of real estate sales includes acquisition cost of subdivision land, amount paid to contractors, development costs, capitalized borrowing costs and other costs attributable to bringing the real estate inventories to its intended condition.

The Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 637 and License to Sell No. 815 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 1 with 36 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 637 and License to Sell No. 816 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 2 with 58 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 445 for their housing project namely The Granary with an area of 104,661 sq.m on January 30, 2023 and License to Sell No. 1556 on July 21, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary (Phase 1) with 260 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Company has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 1682 on November 24, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 2 with 454 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Company has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 571 on June 7, 2024, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 3 with 456 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The real estate inventories used as collateral or pledged as security to secure the borrowings of the Company is as follows:

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT Nos. 163-2019001804, 163-2019001803 and 163-2023000429 located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo City, Rizal. The carrying amount of the said inventory is ₱14,070,427.

A Real Estate Mortgage for the loan was registered as a collateral for the title (or its subdivided titles): TCT No. 170-2023004067 covering 26,030 sqm named under the Company located within Brgy. San Antonio, Biñan City, Laguna. The carrying amount of the said inventory is ₱200,000,000.

A Real Estate Mortgage over two (2) properties located at Celestis 1 Lot 4-B along Buliran Road, Brgy. San Luis, Antipolo Rizal and Celestis 2 Lot 2 along Buliran Road, Brgy. San Luis, Antipolo, Rizal together with all improvements/appurtenant thereto, under Transfer Certificate of Title (or its subdivided titles) No. 163-2018007548 (5.25sqm) and Transfer Certificate of Title (or its subdivided titles) No. 163-2018008000 (7,963sqm) named under the Company. The carrying amount of the said inventory is ₱12,951,201.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster A) located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna: T-534315 to T-534320, T-534322 to T-534326, T-534328 to T-534333, T-534361 to T-534477, T-534795 to T-534797, T-2023001600, T-534815 to T-534821, T-534321, T-534327, T-534903, T-534916 to T-534918. The carrying amount of the said inventory is ₱27,792,187.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster B to D) located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna. The carrying amount of the said inventory is ₱ 83,376,562:

|           |  |
|-----------|--|
| Cluster B | T-534478 to T-534508, T-5345109, T-534510 to T-534567, T-534569, T-534571, T-534573, T-534575, T-534577, T-534579, T-534581, T-534583, T-534585, T-534587, T-534589, T-534593, T-534595, T-534597, T-534599, T-534601 to T-534602, T-534604, T-534606, T-534608 to T-534610, T-534612, T-534591, T-534899 to T-534901, T-534904 to T-534906  |
| Cluster C | T-534568, T-534570, T-534572, T-534574, T-534576, T-534578, T-534580, T-534582, T-534584, T-534586, T-534588, T-534590, T-534592, T-534594, T-534596, T-534598, T-534600, T-534603, T-534605, T-534607, T-534611, T-534613 to T-534637, T-534638 to T-534689, T-534690, T-534714, T-534716, T-534718, T-534720, T-534722, T-534724, T-534726, T-534728, T-534730, T-534732, T-534734, T-534736, T-534740, T-534742, T-534744, T-543746, T-534748, T-534750, T-534752, T-534754, T-534756, T-534758, T-534760, T-534738, T-534907 to T-534909, T-170-2023001598 to T-170-2023001599 |
| Cluster D | T-534715, T-534717, T-534719, T-534721, T-534723, T-534725, T-534727, T-534729, T-534731, T-534733, T-534735, T-534737, T-534739, T-534741, T-534743, T-534745, T-534747, T-534749, T-534751, T-534753, T-534755, T-534757, T-534759, T-534761 to T-534774, T-534798 to T-534814, T-534775 to T-534794, T-534822 to T-534898, T-534902, T-534910 to T-534915, T-534919   |

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT No.: T-93608 and (060-T-94742) 170-0002896 with a lot area of 10,000 sqm and 6,486 sqm for the 1.65-hectares Amberwood Project located Biñan City, Laguna. The carrying amount of the said inventory is ₱138,496,866.

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT Nos. 163-2019001804, 163-2019001803 and 163-2023000429 with a lot area of 16,041 sqm The Hammond Project located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo City, Rizal. The carrying amount of the said inventory is ₱110,084,431.

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT Nos. R-96848, R-96849, R-96850, R-97803, R-97804, R-97805, R-97806, and R-97807 for the 12.56-hectare land in Antipolo, Rizal owned by National Steel. The carrying amount of the said inventory is ₱775,961,468.

A Real Estate Mortgage for the loan was registered as a collateral for the titles: TCT Nos. 362576, 362577, 359168, M-13873, M-61633, 417053, and 417053 for the 372,210 sqm. property in Mahabang Parang, Angono and Brgy. Dulumbayan, Teresa. The carrying amount of the said inventory is ₱ 392,285,220.

A Real Estate Mortgage for the loan was registered as a collateral for the property located at Jocson St., Varsity Hills Subdivision, Loyola Heights, Quezon City. The carrying amount of the said inventory is ₱129,302,861.

#### **NOTE 10 – PREPAYMENTS AND OTHER CURRENT ASSETS**

As of December 31, the account consists of:

| Particulars                | 2025                | 2024               |
|----------------------------|---------------------|--------------------|
| Input VAT (Note 34)        | ₱ 38,839,733        | ₱ -                |
| Prepaid interest           | 852,381             | -                  |
| Prepaid taxes and licenses | 297,090             | 427,965            |
| Prepaid income tax         | -                   | 4,476,089          |
| Deferred MCIT (Note 22)    | -                   | 720,336            |
| Others                     | 950,047             | 718,404            |
| Total                      | ₱ <u>40,939,251</u> | ₱ <u>6,342,794</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 income tax represents 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.

Prepaid taxes and licenses represent prepayment for taxes as well as local business real property taxes.

Deferred minimum corporate income tax (MCIT) refers to the excess MCIT over normal corporate income tax (NCIT) during the taxable year, which may be applied or carried over to the next taxable year.

Others consist of prepaid rent, prepaid interest, prepaid insurance, software subscriptions and miscellaneous supplies.

#### **NOTE 11 – INVESTMENT IN SUBSIDIARIES**

As of December 31, the account consists of the following:

| Subsidiaries | 2025          |               | 2024          |               |
|--------------|---------------|---------------|---------------|---------------|
|              | No. of shares | Amount        | No. of shares | Amount        |
| THI          | 30,000        | ₱ 30,000,000  | 30,000        | ₱ 30,000,000  |
| LDC          | 105,737,500   | 105,737,500   | 105,737,500   | 105,737,500   |
| Total        |               | ₱ 135,737,500 |               | ₱ 135,737,500 |

In 2018, the Company entered into an agreement of acquiring 100% ownership and control of Tradition Homes, Inc. (THI), a real estate development corporation, primarily engaged in acquiring, developing, and selling of lands. The acquisition was made through the purchase of shares of existing shareholders, subscription of unissued shares and subscription to the increase in capital stock of THI. The acquisition cost amounted to ₱30,000,000.

On January 18, 2018, the Securities and Exchange Commission (SEC) approved the application for increase in capital stock of Tradition Homes, Inc. (THI) from ₱18,000,000 divided into 18,000 shares with par value of ₱1,000 per share, to ₱30,000,000.00 consisting of 30,000 shares at a par value of ₱1,000 per share. The increase in capital stock of ₱12,000,000 was all subscribed by the Company.

The following summarizes the financial information of THI:

| Particulars             | 2025          | 2024          |
|-------------------------|---------------|---------------|
| Current assets          | ₱ 924,910,852 | ₱ 931,498,656 |
| Non-current assets      | 185,537,997   | 209,072,312   |
| Current liabilities     | 32,515,878    | 52,760,100    |
| Non-current liabilities | 781,483,695   | 819,894,149   |
| Revenue                 | 162,026,363   | 55,739,370    |
| Net income              | 29,538,900    | 1,212,426     |

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 November 18, 1999. 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.

On May 26, 2021, LDC was acquired at a cost of ₱105,737,000 for 100% of its ownership and control.

THI and LDC are collectively known as the “Subsidiaries”, and HTI and its Subsidiaries, are collectively known herein as the “Group”.

The following summarizes the financial information of Lifestyle:

| Particulars             | 2025                 | 2024          |
|-------------------------|----------------------|---------------|
| Current assets          | ₱ -                  | ₱ -           |
| Non-current assets      | <b>1,021,092,952</b> | 1,019,305,440 |
| Current liabilities     | -                    | 41,709,788    |
| Non-current liabilities | <b>917,332,370</b>   | 872,341,738   |
| Revenue                 | -                    | -             |
| Net loss                | <b>1,493,332</b>     | 20,519        |

There were no dividends received from the investments in 2025.

#### **NOTE 12 – PROPERTY AND EQUIPMENT – NET**

The movements of property and equipment are as follows:

##### **December 31, 2025:**

| Particulars                      | Beginning Balances  | Additions           | Reclassification/ Adjustment | Ending Balances     |
|----------------------------------|---------------------|---------------------|------------------------------|---------------------|
| <b>Cost:</b>                     |                     |                     |                              |                     |
| Office improvement               | ₱ 3,499,156         | ₱ -                 | ₱ -                          | ₱ 3,499,156         |
| Construction equipment           | 39,067,838          | 5,969,098           | -                            | <b>45,036,936</b>   |
| Transportation equipment         | 6,691,775           | 2,351,484           | -                            | <b>9,043,259</b>    |
| Furniture and fixture            | 1,218,110           | 609,434             | -                            | <b>1,827,544</b>    |
| Leasehold improvement            | 3,058,158           | 3,059,039           | -                            | <b>6,117,197</b>    |
| Warehouse equipment              | 138,107             | 67,857              | -                            | <b>205,964</b>      |
| Temporary facilities             | 6,996,273           | -                   | -                            | <b>6,996,273</b>    |
| Office equipment                 | 6,115,855           | 1,421,763           | -                            | <b>7,537,618</b>    |
| Computer software                | -                   | 114,850             | -                            | <b>114,850</b>      |
| Construction tools               | 23,365,607          | -                   | (23,365,607)                 | -                   |
| Right of use asset               | 2,419,780           | -                   | -                            | <b>2,419,780</b>    |
| <b>Total</b>                     | <b>₱ 92,570,659</b> | <b>₱ 13,593,525</b> | <b>₱ (23,365,607)</b>        | <b>₱ 82,798,577</b> |
| <b>Accumulated depreciation:</b> |                     |                     |                              |                     |
| Office improvement               | ₱ 3,351,105         | ₱ 36,257            | ₱ -                          | ₱ 3,387,362         |
| Construction equipment           | 10,913,091          | 8,499,522           | -                            | <b>19,412,613</b>   |
| Transportation equipment         | 4,086,547           | 965,248             | -                            | <b>5,051,795</b>    |
| Furniture and fixture            | 263,826             | 256,996             | -                            | <b>520,822</b>      |
| Leasehold improvement            | -                   | 817,392             | -                            | <b>817,392</b>      |
| Warehouse equipment              | 59,684              | 33,842              | -                            | <b>93,526</b>       |
| Temporary facilities             | 841,006             | 1,602,370           | -                            | <b>2,443,376</b>    |
| Office equipment                 | 3,378,266           | 1,612,281           | -                            | <b>4,990,547</b>    |
| Construction tools               | 15,060,797          | -                   | (15,060,797)                 | -                   |
| Right of use asset               | 1,209,890           | 1,209,890           | -                            | <b>2,419,780</b>    |
| <b>Total</b>                     | <b>₱ 39,164,212</b> | <b>₱ 15,033,798</b> | <b>₱ (15,060,797)</b>        | <b>₱ 39,137,213</b> |
| <b>Net Book Value</b>            | <b>₱ 53,406,447</b> |                     |                              | <b>₱ 43,661,364</b> |

December 31, 2024:

| Particulars               | Beginning Balances | Additions/ Provisions | Reclassification/ Adjustment | Ending Balances |
|---------------------------|--------------------|-----------------------|------------------------------|-----------------|
| Cost:                     |                    |                       |                              |                 |
| Office improvement        | ₱ 3,317,868        | ₱ 181,288             | ₱ -                          | ₱ 3,499,156     |
| Construction equipment    | 21,035,299         | 18,032,539            | -                            | 39,067,838      |
| Transportation equipment  | 6,691,775          | -                     | -                            | 6,691,775       |
| Furniture and fixture     | 806,997            | 411,113               | -                            | 1,218,110       |
| Leasehold improvement     | -                  | 3,058,158             | -                            | 3,058,158       |
| Warehouse equipment       | 94,643             | 43,464                | -                            | 138,107         |
| Temporary facilities      | 440,600            | 6,555,673             | -                            | 6,996,273       |
| Office equipment          | 4,037,759          | 2,078,096             | -                            | 6,115,855       |
| Construction tools        | 18,241,377         | 5,124,230             | -                            | 23,365,607      |
| Right of use Asset        | -                  | 2,419,780             | -                            | 2,419,780       |
| Total                     | ₱ 54,666,318       | ₱ 37,904,341          | ₱ -                          | ₱ 92,570,659    |
| Accumulated depreciation: |                    |                       |                              |                 |
| Office improvement        | ₱ 3,314,898        | ₱ 36,207              | ₱ -                          | ₱ 3,351,105     |
| Construction equipment    | 4,985,272          | 5,927,819             | -                            | 10,913,091      |
| Transportation equipment  | 3,194,834          | 891,713               | -                            | 4,086,547       |
| Furniture and fixture     | 92,458             | 171,368               | -                            | 263,826         |
| Warehouse equipment       | 37,858             | 21,826                | -                            | 59,684          |
| Temporary facilities      | 88,120             | 752,886               | -                            | 841,006         |
| Office equipment          | 2,015,941          | 1,362,325             | -                            | 3,378,266       |
| Construction tools        | 4,033,066          | -                     | 11,027,731                   | 15,060,797      |
| Right of use Asset        | -                  | 1,209,890             | -                            | 1,209,890       |
| Total                     | ₱ 17,762,447       | ₱ 10,374,034          | ₱ 11,027,731                 | ₱ 39,164,212    |
| Net Book Value            | ₱ 36,903,871       |                       |                              | ₱ 53,406,447    |

The Company elected to use the cost model in accounting for property and equipment.

In 2025, the construction tools with a cost of ₱23,365,607, and accumulated depreciation amounting to ₱15,060,797 with a carrying amount of ₱8,304,810 was reclassified to construction materials and subsequently recognized as part of project cost.

On December 31, 2025, the Company recognized additional computer system amounting to ₱114,850, which relates to its payroll system.

The amount of depreciation charged to general and administrative expenses for the years ended December 31, 2025 and 2024 amounted to ₱15,033,798 and ₱10,374,034, respectively. (Note 28)

In 2024, the Company reclassified construction tools from Inventories to Property and Equipment. Accordingly, the related cost was recognized as part of the opening balance of fixed assets as at January 1, 2024. The related accumulated depreciation amounting to ₱11,027,731, which had been omitted in prior years, was recognized during the year. While, the depreciation expense relating to these construction tools was directly recognized as part of the project cost.

Certain properties were pledged or mortgaged as collateral to secure some of the Company's loans (see Note 16).

As of December 31, 2025 and 2024, there are no indication of any impairment loss on the carrying amount of property and equipment since its recoverable amount exceeds the carrying amount.

**NOTE 13 – OTHER NON-CURRENT ASSETS**

The account at December 31, consists of:

| Particulars                   | 2025                | 2024                |
|-------------------------------|---------------------|---------------------|
| Refundable deposits           | ₱ 10,118,855        | ₱ 10,204,135        |
| Deferred tax assets (Note 22) | 1,411,580           | 2,930,707           |
| Other deposit                 | <u>9,408,000</u>    | <u>9,407,999</u>    |
| Total                         | ₱ <u>20,938,435</u> | ₱ <u>22,542,841</u> |

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

Other deposit pertains to computer software that is still in development phase.

**NOTE 14 – ACCOUNTS AND OTHER PAYABLES**

As of December 31, the accounts consist of:

| Particulars            | 2025                 | 2024                 |
|------------------------|----------------------|----------------------|
| Trade payables         | ₱ 92,944,886         | ₱ 89,647,779         |
| Accrued expenses       | 798,149              | -                    |
| Retention payable      | 45,289,533           | 28,100,798           |
| Government liabilities | 30,715,542           | 2,562,593            |
| Lease liabilities      | -                    | 1,282,428            |
| Other liabilities      | <u>762,092</u>       | <u>7,425,532</u>     |
| Total                  | ₱ <u>170,510,202</u> | ₱ <u>129,019,130</u> |

*Trade payables*

Trade payables represent 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 various expenses incurred but not yet paid as of reporting date which includes electric and water billings, utilities expenses, and subscriptions. These are normally settled on the following months.

*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.

*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 payment to buyer for refund of construction bond, Meralco services and installment payment made by the buyer subject to the provision of Republic Act 6552 (Realty Instalment Buyer Protection Act), lease liability, various non-trade dues from utilities, professional fees and other services.

**NOTE 15 – CONTRACT LIABILITIES**

As of December 31, 2025 and 2024, the account amounting to ₱14,278,769 and ₱29,651,113, respectively.

Contract liabilities represent the payments of buyers which do not qualify yet for revenue recognition as real estate sales and any excess of collections over the recognized revenue on sale of real estate inventories. The movement in contract liabilities is mainly due to reservation sales and advance payment of buyers less real estate sales recognized upon reaching the buyer's equity threshold and from increase in percentage of completion of projects

**NOTE 16 – LOANS AND BORROWINGS**

As of December 31, the account consists of:

*Loan agreements with local banks*

These loans were obtained to augment the Company's funding for its operations. The outstanding balances of the account are as follows:

| Lending institution                    | Interest rate  | Terms    | Security | 2025                   |
|--|----------------|----------|----------|------------------------|
| <b>Current</b>                         |                |          |          |                        |
| Financing (Individual and Corporation) | 11.00% -15.00% | 1 year   | Secured  | ₱ 219,000,000          |
| China Banking Corporation              | 7.63%          | 3 months | Secured  | 48,663,398             |
| China Banking Corporation              | 7.41%          | 4 years  | Secured  | 21,666,667             |
| China Banking Corporation - CTS        | 7.50%          | 5 years  | Secured  | 3,674,026              |
| Sterling Bank of Asia                  | 10.50%         | 5 years  | Secured  | 10,790,867             |
| Sterling Bank of Asia - CTS            | 9.00%-11.00%   | 5 years  | Secured  | 28,636,667             |
| Security Bank Corporation              | 8.00%          | 5 years  | Secured  | 95,531,914             |
| Security Bank Corporation              | 7.75%          | 3 months | Secured  | 120,000,000            |
| Security Bank Corporation - CTS        | 7.50%-8.00%    | 2 years  | Secured  | 540,709,667            |
| Land Bank of the Philippines           | 6.50%          | 3 years  | Secured  | 20,000,000             |
| Asia United Bank                       | 8.30%          | 3 years  | Secured  | 8,230,194              |
| Sub-total                              |                |          |          | ₱ <u>1,116,903,400</u> |
| <b>Non-current</b>                     |                |          |          |                        |
| Financing (Individual and Corporation) | 11.00% -15.00% | 2 years  | Secured  | ₱ 245,000,000          |
| China Banking Corporation              | 7.41%          | 4 years  | Secured  | 37,916,667             |
| China Banking Corporation - CTS        | 7.50%          | 5 years  | Secured  | 6,133,833              |
| Sterling Bank of Asia                  | 10.50%         | 5 years  | Secured  | 22,965,973             |
| Sterling Bank of Asia - CTS            | 9.00% - 11.00% | 5 years  | Secured  | 386,794,990            |
| Security Bank Corporation              | 8.00%          | 5 years  | Secured  | 885,336,879            |
| Security Bank Corporation - CTS        | 8.00%          | 5 years  | Secured  | 92,238,165             |
| Security Bank Corporation              | 11.52%         | 5 years  | Secured  | 674,859                |
| Land Bank of the Philippines           | 6.50%          | 3 years  | Secured  | 80,000,000             |
| Asia United Bank                       | 9.25%          | 5 years  | Secured  | 1,458,750              |
| Sub-total                              |                |          |          | ₱ <u>1,758,520,116</u> |
| <b>Total</b>                           |                |          |          | ₱ <u>2,875,423,516</u> |

| Lending institution                    | Interest rate | Terms    | Security | 2024            |
|--|---------------|----------|----------|-----------------|
| <b>Current</b>                         |               |          |          |                 |
| Financing (Individual and Corporation) | 12.50%        | 1 year   | Secured  | ₱ 142,900,000   |
| China Banking Corporation              | 7.63%         | 3 months | Secured  | 48,663,398      |
| China Banking Corporation              | 7.41%         | 5 years  | Secured  | 5,416,667       |
| China Banking Corporation - CTS        | 7.50%         | 10 years | Secured  | 3,806,027       |
| Sterling Bank of Asia                  | 10.50%        | 5 years  | Secured  | 9,719,720       |
| Sterling Bank of Asia                  | 11.00%        | 5 years  | Secured  | 13,685,864      |
| Sterling Bank of Asia - CTS            | 9.00%-11.00%  | 10 years | Secured  | 18,567,411      |
| Security Bank Corporation              | 8.00%         | 5 years  | Secured  | 73,125,000      |
| Security Bank Corporation              | 8.00%         | 4 years  | Secured  | 49,326,241      |
| Security Bank Corporation - CTS        |               | 1 year   |          | 399,601,029     |
| Asia United Bank                       | 9.25%         | 5 years  | Secured  | 171,657         |
| Sub-total                              |               |          |          | ₱ 764,983,014   |
| <b>Non-current</b>                     |               |          |          |                 |
| Financing (Individual and Corporation) | 12.50%        | 2 years  | Secured  | ₱ 35,000,000    |
| China Banking Corporation              | 7.41%         | 5 years  | Secured  | 59,583,333      |
| China Banking Corporation - CTS        | 7.50%         | 10 years | Secured  | 10,189,345      |
| Sterling Bank of Asia                  | 10.50%        | 5 years  | Secured  | 33,756,840      |
| Sterling Bank of Asia                  | 11.00%        | 5 years  | Secured  | 51,314,136      |
| Sterling Bank of Asia - CTS            | 9.00%-10.00%  | 10 years | Secured  | 242,285,351     |
| Security Bank Corporation              | 8.00%         | 5 years  | Secured  | 163,125,000     |
| Security Bank Corporation              | 8.00%         | 4 years  | Secured  | 110,035,461     |
| Security Bank Corporation - CTS        |               |          |          | 16,540,421      |
| Asia United Bank                       | 8.30%         | 3 years  | Secured  | 29,253,602      |
| Asia United Bank                       | 9.25%         | 5 years  | Secured  | 543,150         |
| Sub-total                              |               |          |          | ₱ 751,626,639   |
| <b>Total</b>                           |               |          |          | ₱ 1,516,609,653 |

Details of loans' principal and borrowing cost as of December 31, 2025 are as follows:

| Loan institutions                      | Principal       |                       | Total           |
|--|-----------------|-----------------------|-----------------|
|  | General         | Specific              |                 |
| Financing (Individual and Corporation) | ₱ 434,000,000   | ₱ 30,000,000          | ₱ 464,000,000   |
| China Banking Corporation              | 108,246,732     | 9,807,859             | 118,054,591     |
| Sterling Bank of Asia                  | 420,470,043     | 28,718,454            | 449,188,497     |
| Security Bank Corporation              | 1,719,923,737   | 14,567,747            | 1,734,491,484   |
| Land Bank of the Philippines           | 100,000,000     | -                     | 100,000,000     |
| Asia United Bank                       | -               | 9,688,944             | 9,688,944       |
| <b>Total</b>                           | ₱ 2,782,640,512 | ₱ 92,783,004          | ₱ 2,875,423,516 |
| Loan institutions                      | Borrowing cost  |                       | Total           |
|  | Capitalized     | Recognized as expense |                 |
| Financing (Individual and Corporation) | ₱ 13,561,577    | ₱ 7,128,954           | ₱ 20,690,531    |
| China Banking Corporation              | 8,871,963       | 1,330,210             | 10,202,173      |
| Sterling Bank of Asia                  | 59,125,273      | 3,612,208             | 62,737,481      |
| Security Bank Corporation              | 88,463,831      | 1,131,532             | 89,595,363      |
| Land Bank of the Philippines           | -               | -                     | -               |
| Asia United Bank                       | -               | 1,865,762             | 1,865,762       |
| <b>Total (Note 3)</b>                  | ₱ 170,022,644   | ₱ 15,068,666          | ₱ 185,091,310   |

Details of loans' principal and borrowing cost as of December 31, 2024 are as follows:

| Loan institutions                      | Principal              |                      |                        |
|--|------------------------|----------------------|------------------------|
|  | General                | Specific             | Total                  |
| Financing (Individual and Corporation) | ₱ 149,900,000          | ₱ 28,000,000         | ₱ 177,900,000          |
| China Banking Corporation              | 113,663,398            | 13,995,372           | 127,658,770            |
| Sterling Bank of Asia                  | 330,806,923            | 38,522,399           | 369,329,322            |
| Security Bank Corporation              | 795,212,731            | 16,540,421           | 811,753,152            |
| Asia United Bank                       | -                      | 29,968,409           | 29,968,409             |
| <b>Total</b>                           | <b>₱ 1,389,583,052</b> | <b>₱ 127,026,601</b> | <b>₱ 1,516,609,653</b> |

| Loan institutions                      | Borrowing cost       |                       |                      |
|--|----------------------|-----------------------|----------------------|
|  | Capitalized          | Recognized as expense | Total                |
| Financing (Individual and Corporation) | ₱ 6,812,444          | ₱ 563,759             | ₱ 7,376,203          |
| China Banking Corporation              | 5,049,426            | 2,129,728             | 7,179,154            |
| Sterling Bank of Asia                  | 44,443,701           | 6,186,363             | 50,630,064           |
| Security Bank Corporation              | 40,783,112           | 357,889               | 41,141,001           |
| Asia United Bank                       | -                    | 8,051,518             | 8,051,518            |
| ArqCappital SME Finance, Inc.          | 6,105,557            | -                     | 6,105,557            |
| Bank of the Philippine Islands         | -                    | 736,546               | 736,546              |
| Cebuana Lhuillier Rural Bank, Inc.     | 1,789,266            | -                     | 1,789,266            |
| <b>Total (Note 3)</b>                  | <b>₱ 104,983,506</b> | <b>₱ 18,025,803</b>   | <b>₱ 123,009,309</b> |

As of December 31, 2025 and 2024, the Company incurred total borrowing costs amounting to ₱185,091,310 and ₱123,009,309, respectively. In accordance with PAS 23 Borrowing Costs, a portion of these costs amounting to ₱170,022,644 and ₱104,983,506 was capitalized as part of the cost of qualifying assets, which relate primarily to the Company's land acquisitions and real estate properties under development for sale, where borrowing costs are directly attributable to the acquisition and development of such assets.

The remaining ₱15,068,666 and ₱18,025,803 was recognized as interest expense in profit or loss as these borrowing costs were not directly attributable to qualifying assets during the period and therefore did not meet the criteria for capitalization under PAS 23. (Note 26)

#### Bridge Loan – Financing and Individual Corporation

The Company availed a bridge loan from various individuals and corporations to be used exclusively to partially finance its land acquisition activities, with details as follows:

The Company borrowed a loan total of ₱70,000,000 with a term of two (2) years with an interest rate of 12.50% and three (3) years with an interest rate of 15%. The drawdown was made on October 17, 2024 and August 5, 2025 amounting to ₱35,000,000 and ₱35,000,000 respectively. The loan is secured by share collaterals owned by and registered under the names of each or both of Terence Restituto D. Madlambayan and Rachel D. Madlambayan, equivalent to a total of 126,000,000 shares.

The Company borrowed a loan amounting to ₱30,000,000 with a term of two (2) years and an interest rate of 12%. The loan is unsecured.

The Company borrowed a loan total of ₱100,000,000 with a term of one (1) to two (2) years with an interest rate of 12.0% to 12.50% and (3) years with an interest rate of 15%. The drawdown was made on December 19, 2024, April 4, 2025, April 11, 2025, May 14, 2025 and August 01, 2025 amounting to ₱20,000,000, ₱30,000,000, ₱10,000,000, ₱10,000,000 and ₱30,000,000 respectively. The loan is secured by share collaterals owned by and registered under the names of each or both of Terence Restituto D. Madlambayan and Rachel D. Madlambayan, equivalent to a total of 125,000,000 shares.

The Company borrowed a loan total of ₱264,000,000 from Atram Trust Corporation with a term of one (1) to two (2) years with an interest rate of 11%. The drawdown was made on May 20, 2025, May 29, 2025, July 10, 2025,

August 22, 2025, October 14, 2025, and December 9, 2025 amounting to ₱90,000,000, ₱10,000,000, ₱21,000,000, ₱60,000,000, ₱50,000,000, and ₱33,000,000 respectively. The loan is secured by 108,600 sqm., property located in Mariveles Bataan.

#### China Banking Corporation - Straight Loan

In December 2024, the Company obtained a straight loan from China Bank amounting to ₱35,000,000 and ₱15,000,000 with maturity due at April 24, 2026. The loan has an interest rate of 7.375%. The loans are structured on a quarterly basis, with maturities occurring every three (3) months, and are subject to renewal upon agreement with the lender at each maturity date.

#### China Banking Corporation - Term Loan

On August 21, 2024, the Company secured a term loan facility from China Banking Corporation of up to ₱100,000,000. The proceeds shall be used to partially finance the land acquisition cost for the 1.65-hectares Amberwood Project and to partially finance the land development cost. On September 9, 2024 the initial drawdown was made amounting to ₱65,000,000 with a term of five (5) years and interest rate of 7.4069% to partially finance the land acquisition cost for the Project. Secured with mortgaged properties as a collateral under TCT No.: T-93608 and (060-T-94742) 170-0002896 with a lot area of 10,000 sqm and 6,486 sqm, respectively.

#### China Banking Corporation - 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 - Term Loan

On October 26, 2023, the Company obtained a term loan from Sterling Bank amounting to ₱45,000,000 payable in sixty (60) months inclusive of one (1) year grace period on principal, with the purpose to reimburse the acquisition cost of the 16,041 sqm lot area located along Hinapao-Tacbac Road, Brgy. San Jose, Antipolo City, Rizal with a Deed of Undertaking as security. The loan has an interest rate based on prevailing bank rate, fixed for one (1) year and subject to annual repricing.

#### Sterling Bank of Asia - 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 Celestis 1 and 2, Eastview Premiere and The Granary. 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 of 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. On December 7, 2023, the bank granted line increased in the amount of ₱100,000,000 having the Company total amount of ₱200,000,000 Contract-to-Sell Financing Line (with recourse).

#### Asia United Bank - Term Loan

On February 10, 2023, the Company obtained a Credit Facility One (1) from Asia United Bank amounting to ₱60,000,000 with three (3) years term maturing on April 16, 2026. Where the first drawn dated April 14, 2023 amounting to ₱50,000,000 and the final release of ₱10,000,000 dated August 16, 2023. Secured with a registered real estate mortgage over two (2) properties located at Celestis 1 Lot 4-B along Buliran Road, Brgy. San Luis, Antipolo Rizal and Celestis 2 Lot 2 along Buliran Road, Brgy. San Luis, Antipolo, Rizal together with all improvements/appurtenant thereto, under Transfer Certificate of Title (or its subdivided titles) No. 163-2018007548 (5.25sqm) and Transfer Certificate of Title (or its subdivided titles) No. 163-2018008000 (7,963sqm) named under the Company and Comprehensive Surety Agreement executed by Maria Rachel Madlambayan.

#### Security Bank – Term Loan

On December 22, 2023, the Company obtained another term loan from Security Bank Corporation amounting to ₱200,000,000 with five (5) years term inclusive of one (1) year grace period on principal, with the purpose to partially reimburse its additional 7.5-hectare property under Cluster B to D located at Subdivision Road, St. Francis Subdivision XV, San Antonio, Biñan City, Laguna. The loan has a prevailing bank lending rate, subject to periodic pricing to be set on either monthly, quarterly, semi-annual or annual basis.

On April 2, 2024, the Company obtained a term loan from Security Bank Corporation amounting to ₱80,000,000 with five (5) years term. The loan has an interest rate of 8%.

On June 28, 2024, the Company obtained a term loan from Security Bank Corporation amounting to ₱100,000,000 with five (5) years term. The loan has an interest rate of 8%.

A Real Estate Mortgage for the loan was registered as a collateral with the following titles (Cluster B to D):

- Cluster B T-534478 to T-534508, T-5345109, T-534510 to T-534567, T-534569, T-534571, T-534573, T-534575, T-534577, T-534579, T-534581, T-534583, T-534585, T-534587, T-534589, T-534593, T-534595, T-534597, T-534599, T-534601 to T-534602, T-534604, T-534606, T-534608 to T-534610, T-534612, T-534591, T-534899 to T-534901, T-534904 to T-534906
- Cluster C T-534568, T-534570, T-534572, T-534574, T-534576, T-534578, T-534580, T-534582, T-534584, T-534586, T-534588, T-534590, T-534592, T-534594, T-534596, T-534598, T-534600, T-534603, T-534605, T-534607, T-534611, T-534613 to T-534637, T-534638 to T-534689, T-534690, T-534714, T-534716, T-534718, T-534720, T-534722, T-534724, T-534726, T-534728, T-534730, T-534732, T-534734, T-534736, T-534740, T-534742, T-534744, T-534746, T-534748, T-534750, T-534752, T-534754, T-534756, T-534758, T-534760, T-534738, T-534907 to T-534909, T-170-2023001598 to T-170-2023001599
- Cluster D T-534715, T-534717, T-534719, T-534721, T-534723, T-534725, T-534727, T-534729, T-534731, T-534733, T-534735, T-534737, T-534739, T-534741, T-534743, T-534745, T-534747, T-534749, T-534751, T-534753, T-534755, T-534757, T-534759, T-534761 to T-534774, T-534798 to T-534814, T-534775 to T-534794, T-534822 to T-534898, T-534902, T-534910 to T-534915, T-534919

On April 25, 2025, the Company has been approved by Security Bank Corporation of a term loan in the amount of ₱500,000,000, with the purpose to partially support the acquisition of a 12.56-hectare land in Antipolo, Rizal owned by National Steel. On June 4, 2025 the drawdown was made amounting to ₱500,000,000 with five (5) years term inclusive of one (1) year grace period on principal payment. The loan has a fixed/floating rate, subject to periodic pricing to be set on either monthly, quarterly, semi-annual or annual basis.

A Real Estate Mortgage amounting to ₱500,000,000 was registered as a collateral for the titles: TCT Nos. R-96848, R-96849, R-96850, R-97803, R-97804, R-97805, R-97806, and R-97807 to be transferred under the name of the Company.

On April 25, 2025, the Company has been approved by Security Bank Corporation of a term loan in the amount of ₱250,000,000, with the purpose to partially purchase the 372,210 sqm. property in Mahabang Parang, Angono and Brgy. Dulumbayan, Teresa. On October 2, 2025 the drawdown was made amounting to ₱250,000,000 with five (5) years term inclusive of one and half (1.5) year grace period on principal payment. The loan has a fixed/floating rate, subject to periodic pricing to be set on either monthly, quarterly, semi-annual or annual basis.

A Real Estate Mortgage amounting to ₱250,000,000 was registered as a collateral for the titles: TCT Nos. 362576, 362577, 359168, M-13873, M-61633, 417053, and 417053 to be transferred under the name of the Company.

#### Security Bank Corporation – Loan Line

On April 25, 2025, the Company was approved for a loan line amounting to ₱120,000,000 from Security Bank Corporation to finance its pre-operating expenses. The loan line has a term of ninety (90) days, with principal payable in full upon maturity. Secured with a registered real estate mortgage property located at Jocson St., Varsity Hills Subdivision, Loyola Heights, Quezon City, San Vicente Road, Southview Homes 3, San Pedro City, Laguna and an executed Continuing Suretyship. The maturity date of the loan is March 17, 2026.

The loans are structured on a quarterly basis, with maturities occurring every three (3) months, and are subject to renewal upon agreement with the lender at each maturity date.

### Security Bank Corporation - Contract to Sell Credit Facility

On June 19, 2024, the Company has been approved by Security Bank Corporation of a Purchase of Contract Receivables under Contract to Sell with Recourse for regular/in-house and bridge financing in the amount of ₱500,000,000, for the purpose of liquefying receivables from all their residential projects. Collateral documents for the financing are the Deed of Purchase of Receivables and Contract to Sell. The term for regular/in-house financing is co-terminus with the maturity of the CTS or maximum of fifteen (15) years, whichever comes early. Repayment shall be made in equal monthly amortization of principal and interest. The maximum term for bridge financing is twenty-four (24) months payable in interest only while receivables are being bridged finance on a monthly basis. The entire principal is payable upon conversion to home loan or at the end of the term, whichever comes earlier. In May 2025, the bank granted line increased in the amount of ₱500,000,000 having the Company total amount of ₱1,000,000,000 Contract-to-Sell Credit Facility with Recourse.

### Land Bank of the Philippines – Term Loan

On July 3, 2025, the Company obtained a term loan facility from Land Bank of the Philippines amounting to ₱100,000,000 with three (3) years term from the date of drawdown, inclusive of six (6) months grace period on principal, with the purpose to partially finance the Company's permanent working capital.

A Real Estate Mortgage amounting to ₱100,000,000 was registered as a collateral for the titles: TCT Nos. 163-2019001804, 163-2019001803 and 163-2023000429. As of reporting date, the subdivision of the subject property is in progress. Upon completion, the resulting subdivided titles shall be transferred in the name of the Company.

Finance costs arising from these loans amounted to ₱15,068,666 and ₱18,025,803 for the years ended December 31, 2025 and 2024 respectively. These costs were recognized as an expense in the statement of comprehensive income and are reported under interest expense. (Note 26)

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

### **NOTE 17 – DEFINED BENEFIT OBLIGATION**

The Company not maintains a funded, non-contributory retirement fund through their defined retirement plan effective January 1, 2018 for all its employees. The plan is conforming to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the final salary defined benefit type and provides a retirement benefit equal to 22.5 days Pay per every year of credited service from employees who attain the normal retirement age of sixty (60) with at least five (5) years of service. The regulatory benefit is paid in a lump sum upon retirement.

The Company may modify, amend, or terminate the plan through the Retirement Board which is responsible for the general administration of the said plan. However, benefits accruing to the employees at the time of the termination of the plan will be paid accordingly.

The prepaid obligation status and amounts recognized under prepaid retirement account in the financial statements of financial position for the retirement plan as of December 31, 2025 and 2024 are as follows:

| Particulars                         | 2025               | 2024               |
|-------------------------------------|--------------------|--------------------|
| Present value of benefit obligation | ₱ 3,082,072        | ₱ 3,056,638        |
| Fair value of plan assets           | -                  | -                  |
| Liability to be recognized          | ₱ <u>3,082,072</u> | ₱ <u>3,056,638</u> |

Net plan cost amounts to ₱2,011,125 and ₱1,754,949 as of December 31, 2025 and 2024, respectively. To wit:

| Particulars  | 2025               | 2024               |
|--|--------------------|--------------------|
| Current service cost (Note 28)                                   | ₱ 1,825,281        | ₱ 1,720,178        |
| Net interest cost (Note 26)                                      | <u>185,844</u>     | <u>34,771</u>      |
| Net plan cost to be recognized on profit or loss                 | <u>2,011,125</u>   | <u>1,754,949</u>   |
| (Gain) Loss arising  |                    |                    |
| From changes in financial assumptions                            | (145,992)          | (11,424)           |
| From changes of demographic assumptions                          | (1,227,456)        | -                  |
| From changes of experience form assumptions                      | <u>(612,243)</u>   | <u>738,392</u>     |
| Total (gain)/loss to be recognized on other comprehensive income | <u>(1,985,691)</u> | <u>726,968</u>     |
| Net plan cost to be recognized on total comprehensive income     | ₱ <u>25,434</u>    | ₱ <u>2,481,417</u> |

Changes in the present value of the defined benefit obligation are as follows:

| Particulars                    | 2025               | 2024               |
|--------------------------------|--------------------|--------------------|
| At beginning of the year       | ₱ 3,056,638        | ₱ 574,721          |
| Interest cost (Note 26)        | 185,844            | 34,771             |
| Current service cost (Note 28) | 1,825,281          | 1,720,178          |
| Benefits paid                  | -                  | -                  |
| Actuarial (gain)/loss          | <u>(1,985,691)</u> | <u>726,968</u>     |
| At end of the year             | ₱ <u>3,082,072</u> | ₱ <u>3,056,638</u> |

Changes in the fair value of plan assets are as follows:

| Particulars                  | 2025       | 2024       |
|------------------------------|------------|------------|
| At beginning of the year     | ₱ -        | ₱ -        |
| Interest                     | -          | -          |
| Contributions                | -          | -          |
| Benefits paid                | -          | -          |
| Re-measurement on plan asset | <u>-</u>   | <u>-</u>   |
| At end of the year           | ₱ <u>-</u> | ₱ <u>-</u> |

The principal assumptions used in determining retirement benefits are as follows:

| Particulars          | 2025  | 2024  |
|----------------------|-------|-------|
| Discount rate        | 6.48% | 6.08% |
| Salary increase rate | 6.00% | 6.00% |

Assumptions regarding future mortality are based on published statistics and mortality tables. The average working life expectancy of an individual retiring at the age of 60 is 23.1 years of both male and female.

|   |
|---|
| <b>NOTE 18 – RELATED PARTY TRANSACTIONS</b> |
|---|

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.

| <u>Name of related party</u>      | <u>Relationship</u> | <u>Country of Incorporation</u> |
|-----------------------------------|---------------------|---------------------------------|
| Tradition Homes, Inc.             | Subsidiary          | Philippines                     |
| Lifestyle Development Corporation | Subsidiary          | Philippines                     |
| Maria Rachel D. Madlambayan       | Stockholder         | N/A                             |
| Gloria Judith D. Madlambayan      | Stockholder         | N/A                             |
| Edward D. Madlambayan             | Stockholder         | N/A                             |
| Maria Agnes M. Siapno             | Stockholder         | N/A                             |
| Maria Leah D. Madlambayan         | Stockholder         | N/A                             |
| Noemi D. Madlambayan              | Stockholder         | N/A                             |
| Rufino Albert D. Madlambayan      | Stockholder         | N/A                             |
| Pacita Madlambayan                | Stockholder         | N/A                             |
| Terrence Restituto D. Madlambayan | Stockholder         | N/A                             |
| Joselito D. Madlambayan           | Stockholder         | N/A                             |
| Luis Pio D. Madlambayan           | Stockholder         | N/A                             |

Significant transactions with related parties as of December 31, 2025 are as follows:

| <u>Related Party</u>               | <u>Transactions</u>   | <u>Outstanding Balance</u>    | <u>Nature</u>                         | <u>Terms and Conditions</u>   |
|------------------------------------|-----------------------|-------------------------------|---------------------------------------|---|
| <b>Advances to related parties</b> |                       |                               |                                       |   |
| Tradition Homes, Inc.              | ₱ (52,006)            | ₱ <b>582,683,784</b>          | Advances for working capital purposes | Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash |
| Lifestyle Development Corporation  | 43,300,024            | <b>915,313,244</b>            | Advances for working capital purposes | Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash |
|                                    | ₱ <u>43,248,018</u>   | ₱ <u><b>1,497,997,028</b></u> |                                       |   |
| <b>Advances from related party</b> |                       |                               |                                       |   |
| Tradition Homes, Inc.              | (14,004,885)          | <b>139,314,331</b>            | Advances for working capital purposes | Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash |
| Stockholders                       | (672,694)             | <b>168,256,025</b>            | Advances for working capital purposes | Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash |
|                                    | ₱ <u>(14,677,579)</u> | ₱ <u><b>307,570,356</b></u>   |                                       |   |

Significant transactions with related parties as of December 31, 2024 are as follows:

| Related Party                     | Transactions         | Outstanding Balance    | Nature                                | Terms and Conditions  |
|-----------------------------------|----------------------|------------------------|---------------------------------------|---|
| Advances to related parties       |                      |                        |                                       |   |
| Tradition Homes, Inc.             | ₱ (20,657)           | ₱ 582,735,790          | Advances for working capital purposes | Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash |
| Lifestyle Development Corporation | <u>23,463,874</u>    | <u>872,013,220</u>     | Advances for working capital purposes | Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash |
|                                   | ₱ <u>23,443,217</u>  | ₱ <u>1,454,749,010</u> |                                       |   |
| Advances from related party       |                      |                        |                                       |   |
| Tradition Homes, Inc.             | (1,216,591)          | 153,319,216            | Advances for working capital purposes | Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash |
| Stockholders                      | <u>(1,119,044)</u>   | <u>168,928,719</u>     | Advances for working capital purposes | Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash |
|                                   | ₱ <u>(2,335,635)</u> | ₱ <u>322,247,935</u>   |                                       |   |

Receivable from and payable to stockholders, subsidiaries and affiliates

Receivable from and payable to affiliates represent trade receivables and payables in ordinary course of business. These are unsecured, non-interest bearing, cash settlement and are payable upon mutual agreement of both parties.

Key management compensation for the years ended December 31, 2025 and 2024 amounted to ₱50,886,924 and ₱43,750,881, respectively.

**NOTE 19 – SHARE CAPITAL**

As of December 31, the Share Capital of the Company is as follows:

| Particulars                          | 2025                 |                        | 2024                 |                        |
|--------------------------------------|----------------------|------------------------|----------------------|------------------------|
|                                      | No. of shares        | Amount                 | No. of shares        | Amount                 |
| Authorized ₱1.00 par                 |                      |                        |                      |                        |
| Balance at beginning and end of year | <u>2,500,000,000</u> | ₱ <u>2,500,000,000</u> | <u>2,500,000,000</u> | ₱ <u>2,500,000,000</u> |
| Issued and Outstanding               |                      |                        |                      |                        |
| Balance at beginning and end of year | <u>2,500,000,000</u> | ₱ <u>2,500,000,000</u> | <u>2,500,000,000</u> | ₱ <u>2,500,000,000</u> |

*Issuance of Capital Stock*

On December 23, 2021, the SEC approved the Initial Public Offering of the Company of 500,000,000 common shares at an Offer Price of ₱1.50, with a par value of ₱1.00 per share. Offer shares were approved for listing on January 17, 2022.

*Listing Under Small, Medium and Emerging Board (SME) of the PSE*

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".

**NOTE 20 – SHARE PREMIUM**

As of December 31, the movements of additional paid-in capital are as follows:

| Particulars   | 2025                 | 2024                 |
|---|----------------------|----------------------|
| At January 1  | ₱ 218,849,628        | ₱ 218,849,628        |
| Share premium on common shares issued during the year |                      |                      |
| Gross proceeds  | -                    | -                    |
| Less: Directly attributable issuance costs            | -                    | -                    |
| Par value of issued shares                            | -                    | -                    |
| Subtotal  | <u>218,849,628</u>   | <u>218,849,628</u>   |
| End   | <u>₱ 218,849,628</u> | <u>₱ 218,849,628</u> |

Share premium arises when the amount subscribed is in excess of nominal value.

*Issuance of Capital Stock*

On December 23, 2021, the SEC approved the Initial Public Offering of the Company of 500,000,000 common shares at an Offer Price of ₱1.50, with a par value of ₱1.00 per share. Offer shares were approved for listing on January 17, 2022.

**NOTE 21 – RETAINED EARNINGS**

This account consists of cumulative balance of periodic earnings and prior period adjustments, if any.

As of December 31, the account consists of the following:

| Particulars                  | 2025                   | 2024                 |
|------------------------------|------------------------|----------------------|
| Retained earnings, beginning | ₱ 860,040,287          | ₱ 544,418,697        |
| Dividend declaration         | (75,000,000)           | (50,000,000)         |
| Net income for the year      | <u>331,347,648</u>     | <u>365,621,590</u>   |
| Retained earnings, ending    | <u>₱ 1,116,387,935</u> | <u>₱ 860,040,287</u> |

This account consists of cumulative balance of periodic earnings and prior period adjustments, if any.

The Company Board of Directors approved and declared a cash dividend on October 14, 2025 in the total amount of ₱75,000,000 equivalent to ₱0.03 per share. The cash dividend was taken from the unrestricted retained earnings of the Corporation as of December 31, 2024 as was made available to all stockholders of record as of November 17, 2025, and was paid on December 10, 2025.

The Board of Directors approved and declared a cash dividend on October 9, 2024 in the total amount of ₱50,000,000 equivalent to ₱0.02 per share. The cash dividend was taken from the unrestricted retained earnings of the Corporation as of December 31, 2023 as was made available to all stockholders of record as of November 8, 2024, and was paid on December 2, 2024.

## NOTE 22 – INCOME TAXES

On January 5, 2024, Ease of Paying Taxes (EOPT) Act was passed into law. The EOPT Act introduced significant amendments to the National Internal Revenue Code of 1997 (“The Code”) which are intended to protect and safeguard taxpayer rights and welfare to modernize tax administration by providing mechanisms that encourage easy compliance at the best cost and resources, and to update the tax system and adopt best practices.

The amendments include the following:

- File and pay anywhere mechanism. Taxes shall be paid either electronically or manually at the time the return is filed.
- Classification of taxpayers into micro, small, medium and large taxpayers.
- Withholding of tax on income payments only when payable.
- Imposing value-added tax (VAT) on services, based on gross sales, no longer on gross receipts.
- VAT invoices are sufficient to substantiate input VAT arising from the purchase at both goods and services.
- Removal of “business style” as a VAT invoicing requirement.
- Removal of withholding tax as requirement for deductibility of income payments.

On November 8, 2024, the President signed the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act into law (Republic Act No. 12066). The CREATE MORE Act aims to generate jobs and spur economic growth. It builds on the earlier CREATE Act by enhancing the tax regime and incentive framework to attract both domestic and international investments, particularly, in strategic industries. The features include:

- Registered business enterprises under the Enhanced Deduction Regime subject to the 20% corporate income tax rate
- Sales to export-oriented enterprises (70% export sales) Value-Added Tax (VAT) zero-rated if directly attributable to export activities
- Export sales as defined under Executive Order No. 226 generally omitted from enumeration of VAT zero-rated sales
- Sales to bonded manufacturing warehouses of export-oriented enterprises are VAT zero-rated
- Additional due process requirements in the processing of input VAT refund claims
- Mandatory issuance of electronic invoices (e-Invoices) for certain taxpayers
- Additional deduction for micro/small taxpayers and medium/large using e-Invoices
- The 5% Special Corporate Income Tax is in lieu of all taxes including local fees and charges
- Additional deductions for export and domestic market enterprises under the Enhanced Deductions Regime
- Local government units may impose local taxes on RBEs up to 2% of gross income

The composition of income tax expense is as follow:

| Particulars                  | 2025                | 2024                 |
|------------------------------|---------------------|----------------------|
| Current tax                  | ₱ 11,685,490        | ₱ -                  |
| Deferred tax                 | <u>1,519,127</u>    | <u>(2,006,108)</u>   |
| Income tax expense (benefit) | ₱ <u>13,204,617</u> | ₱ <u>(2,006,108)</u> |

The reconciliation of tax expense at the statutory income tax rate is as follow:

| Particulars  | 2025          | 2024          |
|--|---------------|---------------|
| Income before tax                                      | ₱ 344,552,265 | ₱ 363,615,482 |
| Add (Deduct) reconciling items:                        |               |               |
| Permanent differences                                  |               |               |
| Net income tax-exempt housing projects*:               | (292,752,955) | (374,546,395) |
| Interest subjected to final tax                        | (34,280)      | (54,228)      |
| Nondeductible expense:                                 |               |               |
| Unallowable interest expense                           | 8,570         | 13,557        |
| Fines and penalties                                    | 1,044,866     | 3,784,906     |
| Temporary differences:                                 |               |               |
| Realized customers deposit – 2024                      | (2,661,353)   | (573,107)     |
| Retirement benefit expense                             | 2,011,125     | 1,754,949     |
| Provision for expected credit losses (Note 7 and 28)   | 578,557       | -             |
| Utilization of NOLCO 2024                              | (5,932,299)   | -             |
| Leases   | (72,538)      | -             |
| Depreciation and interest expense in effect of PFRS 16 | -             | 72,537        |
| Net taxable income                                     | ₱ 46,741,958  | ₱ (5,932,299) |
| Tax rate   | 25%           | 25%           |
| Current tax expense (benefit)                          | ₱ 11,685,490  | ₱ -           |

\*Non-taxable income (cost) from BOI low-cost housing and HLRB socialized housing project

In 2023, the Company was approved by the Board of Investments (BOI) as a New Developer of Economic Housing Project for its Granary - Phase 1, located at Brgy. San Antonio, Biñan City, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2023-152 valid from August 8, 2023, and four (4) years thereafter provides exemption from income tax on revenue generated and twelve (12) years duty exemption from the said project.

In 2024, the Company was approved by the Board of Investments (BOI) as an Expanding Developer of Economic Housing Project for its The Granary Phase 2 and The Granary Phase 3, located at Brgy. San Antonio, Biñan City, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2024-069 and 2024-362 valid from March 22, 2024 and December 16, 2024, respectively, and three (3) years thereafter provides exemption from income tax on revenue generated and twelve (12) years duty exemption from the said projects.

The minimum corporate income tax is computed as follows:

| Particulars                             | 2025            | 2024            |
|---|-----------------|-----------------|
| Sales                                   | ₱ 1,243,789,241 | ₱ 1,351,983,647 |
| Less: Sales exempt                      | 992,500,000     | 1,277,500,000   |
| Taxable sales                           | 251,289,241     | 74,483,647      |
| Cost of sales (Note 25)                 | 682,914,943     | 747,357,607     |
| Less: Cost of sales exempt              | 553,500,889     | 703,668,028     |
| Net cost of sales                       | 129,414,054     | 43,689,579      |
| Gross income subject to MCIT            | 121,875,187     | 30,794,068      |
| Other income (Note 24)                  | 8,594,593       | 5,222,739       |
| Total income subject to MCIT            | 130,469,780     | 36,016,807      |
| MCIT rate                               | 2%              | 2.00%           |
| Minimum Corporate Income Tax (MCIT) Due | ₱ 2,609,396     | ₱ 720,336       |

For the years ended December 31, 2025, the comparison between the Company's computed MCIT and Normal Corporate Income Tax discloses that Normal Corporate Income Tax is higher; hence it is the basis of the Company's tax due for the taxable year.

The movement of deferred tax as of December 31, 2025 and 2024 is as follows:

December 31, 2025:

| Particulars                          | Tax Base Movement    | Tax Rate | Tax Effect         |                      | Ending balance            |
|--------------------------------------|----------------------|----------|--------------------|----------------------|---------------------------|
|                                      |                      |          | Beginning balance  | Movement             |                           |
| Provision for expected credit losses | ₱ 578,557            | 25%      | ₱ -                | ₱ 144,639            | ₱ <b>144,639</b>          |
| NOLCO – 2024                         | (5,932,299)          | 25%      | 1,483,075          | (1,483,075)          | -                         |
| Leases                               | (72,538)             | 25%      | 18,134             | (18,134)             | -                         |
| Retirement expense                   | 2,011,124            | 25%      | 764,160            | 502,781              | <b>1,266,941</b>          |
| Customers deposit                    | <u>(2,661,353)</u>   | 25%      | <u>665,338</u>     | <u>(665,338)</u>     | -                         |
| Total (Note 13)                      | ₱ <u>(6,076,509)</u> |          | ₱ <u>2,930,707</u> | ₱ <u>(1,519,127)</u> | ₱ <u><b>1,411,580</b></u> |

December 31, 2024:

| Particulars        | Tax Base Movement  | Tax Rate | Tax Effect        |                    | Ending balance     |
|--------------------|--------------------|----------|-------------------|--------------------|--------------------|
|                    |                    |          | Beginning balance | Movement           |                    |
| NOLCO – 2024       | ₱ 5,932,299        | 25%      | ₱ -               | ₱ 1,483,075        | ₱ 1,483,075        |
| Leases             | 72,538             | 25%      | -                 | 18,134             | 18,134             |
| Retirement expense | (26,420)           | 25%      | 770,765           | (6,605)            | 764,160            |
| Customers deposit  | <u>2,046,016</u>   | 25%      | <u>153,834</u>    | <u>511,504</u>     | <u>665,338</u>     |
| Total (Note 13)    | ₱ <u>8,024,433</u> |          | ₱ <u>924,599</u>  | ₱ <u>2,006,108</u> | ₱ <u>2,930,707</u> |

The Company utilized its Net Operating Loss Carry Over (NOLCO) during the year amounting to ₱1,483,075. As of December 31, 2025, there is no NOLCO available for future application.

The Company's income tax due as of December 31, 2025 and 2024 is presented as follows:

| Particulars  | 2025                      | 2024                 |
|--|---------------------------|----------------------|
| Current year income tax due  | ₱ <b>11,685,490</b>       | ₱ 720,336            |
| Less: Tax credits  |                           |                      |
| Prior year's excess tax credits (from amended prior period return) | <b>(4,296,247)</b>        | (5,016,583)          |
| Creditable withholding taxes applied                               | <b>(2,841,763)</b>        | -                    |
| Deferred MCIT 2024 (Note 10)                                       | <b>(720,336)</b>          | -                    |
| Income tax payable (Overpayment)                                   | ₱ <u><b>3,827,144</b></u> | ₱ <u>(4,296,247)</u> |

The Company used its Deferred Minimum Corporate Income Tax (MCIT) during the year amounting to ₱720,336 (Note 10).

**NOTE 23 – REAL ESTATE SALES**

As of December 31, the Company derives its revenues primarily from the sale of residential units, including customized or constructed goods for retail customers.

Revenue is disaggregated as follows:

| Particulars       | 2025                          | 2024                   |
|-------------------|-------------------------------|------------------------|
| Residential units | ₱ <b>1,022,166,000</b>        | ₱ 1,286,441,000        |
| Home improvements | <u><b>221,623,241</b></u>     | <u>66,115,755</u>      |
| Total             | ₱ <u><b>1,243,789,241</b></u> | ₱ <u>1,352,556,755</u> |

Further disaggregation based on timing of recognition:

| Particulars                   | 2025                   | 2024                   |
|-------------------------------|------------------------|------------------------|
| Recognized over time          | ₱ 1,022,166,000        | ₱ 1,286,441,000        |
| Recognized at a point in time | <u>221,623,241</u>     | <u>66,115,755</u>      |
| Total                         | <u>₱ 1,243,789,241</u> | <u>₱ 1,352,556,755</u> |

#### NOTE 24 – OTHER OPERATING INCOME

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

| Particulars                   | 2025               | 2024               |
|-------------------------------|--------------------|--------------------|
| Interest - in house financing | ₱ 6,871,882        | ₱ 4,053,385        |
| Forfeiture                    | 600,000            | 420,000            |
| Miscellaneous                 | <u>1,122,711</u>   | <u>749,354</u>     |
| Total                         | <u>₱ 8,594,593</u> | <u>₱ 5,222,739</u> |

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

#### NOTE 25 – COST OF REAL ESTATE SALES

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

| Particulars           | 2025                 | 2024                 |
|-----------------------|----------------------|----------------------|
| Land cost development | ₱ 182,723,405        | ₱ 194,756,249        |
| Construction cost     | 476,428,980          | 519,940,762          |
| Other cost            | <u>23,762,558</u>    | <u>32,660,596</u>    |
| Total (Note 9)        | <u>₱ 682,914,943</u> | <u>₱ 747,357,607</u> |

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

#### NOTE 26 – FINANCE COST - NET

For the December 31, the account consists of:

| Particulars                   | 2025                | 2024                |
|-------------------------------|---------------------|---------------------|
| Bank interest income (Note 6) | ₱ 34,280            | ₱ 54,228            |
| Interest expense:             |                     |                     |
| Loans                         | 10,019,335          | 10,406,564          |
| CTS                           | 5,049,331           | 7,619,239           |
| Retirement expense (Note 17)  | 185,844             | 34,771              |
| Right of use                  | -                   | 152,480             |
| Sub-total                     | <u>15,254,510</u>   | <u>18,213,054</u>   |
| Net                           | <u>₱ 15,220,230</u> | <u>₱ 18,158,826</u> |

Finance costs consist of interest expense on borrowings and other financing charges.

Interest expense is recognized using the effective interest method. As of December 31, 2025 and 2024 the total borrowing costs recognized as expense amounting to ₱ 15,068,666 and ₱18,025,803, respectively. (Note 16)

#### **NOTE 27 – SELLING EXPENSES**

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

| Particulars               | 2025                | 2024                |
|---------------------------|---------------------|---------------------|
| Commissions               | ₱ 51,638,894        | ₱ 44,168,587        |
| Advertising and promotion | <u>7,625,849</u>    | <u>11,436,127</u>   |
| Total                     | ₱ <u>59,264,743</u> | ₱ <u>55,604,714</u> |

#### **NOTE 28 – GENERAL AND ADMINISTRATIVE EXPENSES**

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

| Particulars  | 2025                 | 2024                 |
|--|----------------------|----------------------|
| Salaries, wages and allowances                       | ₱ 65,584,557         | ₱ 91,558,300         |
| Depreciation (Note 12)                               | 15,033,798           | 10,374,034           |
| Processing, registration, and certification fee      | 10,709,473           | 13,155,572           |
| Repairs and maintenance                              | 10,602,772           | 2,864,311            |
| Taxes and licenses (Note 34)                         | 7,855,611            | 13,500,877           |
| Professional fees                                    | 5,699,473            | 8,706,940            |
| Insurance expense                                    | 3,413,861            | 446,250              |
| Dues, subscriptions and donations                    | 2,401,427            | 2,855,348            |
| Contracted services                                  | 2,231,757            | 3,921,918            |
| Utilities  | 1,916,828            | 2,249,892            |
| Retirement expense (Note 17)                         | 1,825,281            | 1,720,178            |
| Stationery and office supplies                       | 1,340,858            | 1,239,598            |
| Rent expense (Note 29)                               | 1,252,422            | 999,093              |
| Transportation and travel                            | 999,669              | 821,220              |
| Provision for expected credit losses (Note 7 and 22) | 578,557              | -                    |
| Miscellaneous expenses                               | <u>18,985,309</u>    | <u>18,629,334</u>    |
| Total  | ₱ <u>150,431,653</u> | ₱ <u>173,042,865</u> |

Miscellaneous expenses consist of christmas, membership fees, penalty and other charges, representation and entertainment, notarization, office and project site tools, meetings and conferences, research and development, CSR expenses, litigation and post selling expenses.

#### **NOTE 29 – SIGNIFICANT COMMITMENTS**

##### *Lease Agreement*

Since November 1, 2016, the Company has been using an approximately one hundred fifty-nine (159sqm) square meter office space located at Unit 701 Orient Square Building, along F. Ortigas Center, Pasig City, covered by CCT No. PT 54210 which is gratuitously granted for use by the owner, Miss Noemi D. Madlambayan, a major stockholder of the Company. As discussed in Note 2, the asset pertaining to such lease was classified as a short-term lease and its related rental payments are recognized in profit or loss on a straight-line basis.

Rent expense amounted to ₱1,252,422 and ₱999,093 for the years ended December 31, 2025 and 2024, respectively (see Note 28).

#### *Housing and Land Use Regulatory Board*

The Company has registered with the Housing and Land Use Regulatory Board and was issued Certificate of Registration no. 24744 and License to sell on September 18, 2013, for the sale of lots/units/lots with units of their housing project namely Eastview Homes 3 Antipolo with 379 lots and units located at Brgy. San Roque, Antipolo City.

The Certificate of Registration and License to Sell were subsequently amended 029480 and 034564 as a result of the alterations made by the development plan which reduced the saleable lots and units to 377.

The Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 065 and Provisional License to Sell No. 101 on July 30, 2020, for the sale of lots/units/lots with units of their housing project namely Eastview Residences – Premiere with 42 lots and units located at Brgy. San Roque, Antipolo City, Rizal.

The Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 637 and Provisional License to Sell No. 815 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 1 with 36 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Company has registered with the Department of Human Settlements and Urban Development and was issued Provisional Certificate of Registration No. 638 and Provisional License to Sell No. 816 on August 15, 2022, for the sale of lots/units/lots with units of their housing project namely Celestis 2 with 58 lots and units located at Brgy. San Luis, Antipolo City, Rizal.

The Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 445 and License to Sell No. 1556 on July 21, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary (Phase 1) with 260 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Company has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 1682 on November 24, 2023, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 2 with 454 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Company has registered with the Department of Human Settlements and Urban Development and was issued License to Sell No. 571 on June 7, 2024, for the sale of lots/units/lots with units of their housing project namely The Granary Phase 3 with 456 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 2981 and License to Sell No. 3548 on July 9, 2025, for the sale of lots/units/lots with units of their housing project namely The Granary Extension with 288 lots and units located at Brgy. San Antonio, Biñan City, Laguna.

The Company has registered with the Department of Human Settlements and Urban Development and was issued Certificate of Registration No. 3053 and License to Sell No. 3548 on September 2, 2025, for the sale of lots/units/lots with units of their housing project namely The Hammond with 143 lots and units located at Brgy. San Jose, Antipolo City, Rizal.

#### **NOTE 30 – FINANCIAL AND CAPITAL RISK MANAGEMENT, OBJECTIVES AND POLICIES**

The Company's principal financial instruments are composed of cash, receivables and payables. The main purpose of these financial instruments is to raise finances for the Company's operations. The risks arising from the use of financial instruments are managed through a process of on-going identification, measurement, and monitoring. This process of risk management is critical to the Company's continuing profitability.

The BOD is ultimately responsible for overall risk management approach, monitoring risk exposures, and approving risk mitigation strategies and policies.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk.

### **30.1 Objectives and policies**

The Company has significant exposure to the following financial risks primarily from its use of financial instruments:

- Interest rate risk
- Liquidity risk
- Credit risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Company is cash. This financial instrument is used mainly for working capital management purposes. Trade-related financial assets and financial liabilities of the Company such as trader receivables and other payables, excluding statutory liabilities, arise directly from and are facilitate its daily operations.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Company.

The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### **30.2 Interest rate risk**

The Company's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Company's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Company follows prudent policies in managing its exposures to interest rate fluctuation, and constantly monitors its exposure to fluctuation in interest rates to estimate the impact of interest rate movements on its interest expense.

As at December 31, 2025 and 2024, the Company does not have any re-priceable financial instruments subject to variable interest rates. There are no significant interest rate risk exposures since the interest-bearing loans and borrowings are subject to fixed interest rates ranging from 5.13% to 12.00% and all other financial assets and liabilities are non-interest bearing.

### **30.3 Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, the Company maintains a balance between continuity of funding and flexibility through cash planning.

The tables below summarize the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted collections and payments as follows:

| <u>December 31, 2025</u>                       | <u>Carrying Amount</u> | <u>On demand</u>     | <u>Less than 1 year</u> | <u>More than 1 year</u> |
|--|------------------------|----------------------|-------------------------|-------------------------|
| <i>Financial assets at amortized cost</i>      |                        |                      |                         |                         |
| Current:                                       |                        |                      |                         |                         |
| Cash in bank (Note 6)                          | ₱ 216,696,838          | ₱ 216,696,838        | ₱ -                     | ₱ -                     |
| Receivables (Note 7)                           | 1,064,460,797          | -                    | 1,064,460,797           | -                       |
| Contract asset (Note 8)                        | 620,463,732            | -                    | 620,463,732             | -                       |
| Advances to related parties (Note 18)          | 1,497,997,028          | -                    | -                       | 1,497,997,028           |
| Refundable deposits (Note 13)                  | <u>10,118,855</u>      | <u>-</u>             | <u>-</u>                | <u>10,118,855</u>       |
| Total  | ₱ <u>3,409,737,250</u> | ₱ <u>216,696,838</u> | ₱ <u>1,684,924,529</u>  | ₱ <u>1,508,115,883</u>  |
| <i>Financial liabilities at amortized cost</i> |                        |                      |                         |                         |
| Accounts and other payables* (Note 14)         | ₱ 139,794,660          | ₱ 139,794,660        | ₱ -                     | ₱ -                     |
| Contract liabilities (Note 15)                 | 14,278,769             | -                    | 14,278,769              | -                       |
| Loans and borrowings (Note 16)                 | 2,875,423,516          | -                    | 1,116,903,400           | 1,758,520,116           |
| Advances from related parties (Note 18)        | <u>307,570,356</u>     | <u>-</u>             | <u>-</u>                | <u>307,570,356</u>      |
| Total  | ₱ <u>3,337,067,301</u> | ₱ <u>139,794,660</u> | ₱ <u>1,131,182,169</u>  | ₱ <u>2,066,090,472</u>  |
| <i>*excluding government liabilities</i>       |                        |                      |                         |                         |
| <u>December 31, 2024</u>                       | <u>Carrying Amount</u> | <u>On demand</u>     | <u>Less than 1 year</u> | <u>More than 1 year</u> |
| <i>Financial assets at amortized cost</i>      |                        |                      |                         |                         |
| Current:                                       |                        |                      |                         |                         |
| Cash in bank (Note 6)                          | ₱ 230,935,085          | ₱ 230,935,085        | ₱ -                     | ₱ -                     |
| Receivables (Note 7)                           | 742,949,544            | -                    | 742,949,544             | -                       |
| Contract asset (Note 8)                        | 828,840,651            | -                    | 828,840,651             | -                       |
| Advances to related parties (Note 18)          | 1,454,749,010          | -                    | -                       | 1,454,749,010           |
| Refundable deposits (Note 13)                  | <u>10,204,135</u>      | <u>-</u>             | <u>-</u>                | <u>10,204,135</u>       |
| Total  | ₱ <u>3,267,678,425</u> | ₱ <u>230,935,085</u> | ₱ <u>1,571,790,195</u>  | ₱ <u>1,464,953,145</u>  |
| <i>Financial liabilities at amortized cost</i> |                        |                      |                         |                         |
| Accounts and other payables* (Note 14)         | ₱ 126,456,537          | ₱ 126,456,537        | ₱ -                     | ₱ -                     |
| Contract liabilities (Note 15)                 | 29,651,113             | -                    | 29,651,113              | -                       |
| Loans and borrowings (Note 16)                 | 1,516,609,653          | -                    | 764,983,014             | 751,626,639             |
| Advances from related parties (Note 18)        | <u>322,247,935</u>     | <u>-</u>             | <u>-</u>                | <u>322,247,935</u>      |
| Total  | ₱ <u>1,994,965,238</u> | ₱ <u>126,456,537</u> | ₱ <u>794,634,127</u>    | ₱ <u>1,073,874,574</u>  |
| <i>*excluding government liabilities</i>       |                        |                      |                         |                         |

### **30.4 Credit risk**

Credit risk is the risk that the Company will incur a loss because its counterparties failed to discharge their contractual obligations. The Company manages credit risk by transacting only with entities with established good credit standing. In addition, receivable balances are monitored on a regular basis with the result that the Company's exposure to bad debt is not significant.

The Company has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statements of financial position (or in the detailed analysis provided in the notes to the financial statements).

As at December 31, 2025 and 2024, the Company has no financial assets for which credit risk has increased significantly since initial recognition and that are credit-impaired.

Credit quality per class of financial assets

The following table show a comparison of the credit quality of the Company's financial assets by class as at the reporting date:

| Particulars                               | As at December 31, 2025       |                        |                           |                  |                        |
|---|-------------------------------|------------------------|---------------------------|------------------|------------------------|
|   | Neither past due nor impaired |                        | Past due but not impaired | Impaired         | Total                  |
|   | High Grade                    | Standard Grade         |                           |                  |                        |
| <i>Financial assets at amortized cost</i> |                               |                        |                           |                  |                        |
| Cash in bank (Note 6)                     | ₱ 216,696,838                 | ₱ -                    | ₱ -                       | ₱ -              | ₱ 216,696,838          |
| Receivables (Note 7)                      | -                             | 1,064,460,797          | -                         | 578,557          | 1,065,039,354          |
| Contract asset (Note 8)                   | -                             | 620,463,732            | -                         | -                | 620,463,732            |
| Advances to related parties (Note 18)     | -                             | 1,497,997,028          | -                         | -                | 1,497,997,028          |
| Refundable deposits (Note 13)             | -                             | 10,118,855             | -                         | -                | 10,118,855             |
| <b>Total</b>                              | <b>₱ 216,696,838</b>          | <b>₱ 3,193,040,412</b> | <b>₱ -</b>                | <b>₱ 578,557</b> | <b>₱ 3,410,315,807</b> |
| Particulars                               | As at December 31, 2024       |                        |                           |                  |                        |
|   | Neither past due nor impaired |                        | Past due but not impaired | Impaired         | Total                  |
|   | High Grade                    | Standard Grade         |                           |                  |                        |
| <i>Financial assets at amortized cost</i> |                               |                        |                           |                  |                        |
| Cash in bank (Note 6)                     | ₱ 230,935,085                 | ₱ -                    | ₱ -                       | ₱ -              | ₱ 230,935,085          |
| Receivables (Note 7)                      | -                             | 742,949,544            | -                         | -                | 742,949,544            |
| Contract asset (Note 8)                   | -                             | 828,840,651            | -                         | -                | 828,840,651            |
| Advances to related parties (Note 18)     | -                             | 1,454,749,010          | -                         | -                | 1,454,749,010          |
| Refundable deposits (Note 13)             | -                             | 10,204,135             | -                         | -                | 10,204,135             |
| <b>Total</b>                              | <b>₱ 230,935,085</b>          | <b>₱ 3,036,743,340</b> | <b>₱ -</b>                | <b>₱ -</b>       | <b>₱ 3,267,678,425</b> |

The Company evaluates credit quality on the basis of the credit strength of the security and/or counterparty/issuer. High grade financial assets are those which collectability is assured based on past experience. Standard grade financial assets are considered moderately realizable and some accounts which would require some reminder follow-ups to obtain settlement from the counterparty. The Company determines if credit risk have increased significantly when financial assets are more than 30 days past due.

The Company's management considers none of the financial assets to be impaired or past due at the end of each financial reporting period.

*Cash in banks*

The credit risks for cash in banks are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

*Receivables and advances to related parties*

These pertain to receivables from counterparties which are not expected to default in setting its obligations, hence there is no perceived credit risk.

*Refundable deposits*

Deposits represent refundable deposits to contractors for their services in cash. Deposits are recorded as assets and measured at the amount of cash paid. The amount is presented as current assets if collection is expected in one year or less, if not, they are presented as non-current assets.

### Maximum Credit Risk Exposure

The table below shows the maximum exposure to credit risk for the Company's financial assets without taking into account any collateral and other credit enhancements:

| Particulars                               | 2025                   | 2024                   |
|---|------------------------|------------------------|
| <i>Financial assets at amortized cost</i> |                        |                        |
| Cash in bank (Note 6)                     | ₱ 216,696,838          | ₱ 230,935,085          |
| Receivables (Note 7)                      | 1,065,039,354          | 742,949,544            |
| Contract asset (Note 8)                   | 620,463,732            | 828,840,651            |
| Advances to related parties (Note 18)     | 1,497,997,028          | 1,454,749,010          |
| Refundable deposits (Note 13)             | 10,118,855             | 10,204,135             |
| <br>                                      |                        |                        |
| Total                                     | ₱ <u>3,410,315,807</u> | ₱ <u>3,267,678,425</u> |

The Company does not hold any collateral as security or other credit enhancements attached to its financial assets.

The credit risk for is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Company's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Company has no significant concentration of credit risk since the Company deals with a large number of homogenous counterparties. The Company does not execute any credit guarantee in favor of any counterparty.

### **NOTE 31 – CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES**

The Company's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Company maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, pay-off existing debt, return capital to shareholders or issue new shares.

The Company considers its equity and loans and borrowings as capital.

The Company monitors its financial leverage using the debt-to-equity which is computed as total liabilities divided by total equity as shown in the table below:

| Particulars          | 2025                 | 2024                 |
|----------------------|----------------------|----------------------|
| Total liabilities    | ₱ 3,374,692,059      | ₱ 2,000,584,469      |
| Total equity         | <u>3,838,748,043</u> | <u>3,580,414,704</u> |
| <br>                 |                      |                      |
| Debt-to-equity ratio | <u><b>0:88:1</b></u> | <u>0.56:1</u>        |

There were no changes in the Company's approach to capital management during the year.

**NOTE 32 – OTHER MATTERS****Supplemental disclosure of cash flow information**

The table below details changes in the liabilities of the Company arising from financing activities, including both cash and non-cash changes.

| Particulars                                 | January 1,<br>2025     | Cash flows             | Interest<br>Expense | December 31,<br>2025   |
|---|------------------------|------------------------|---------------------|------------------------|
| Loans and borrowings                        | ₱ 1,516,609,653        | ₱ 1,343,745,197        | ₱ 15,068,666        | ₱ 2,875,423,516        |
| Advances from related parties               | <u>322,247,935</u>     | <u>(14,677,579)</u>    | -                   | <u>307,570,356</u>     |
| Total liabilities from financing activities | <u>₱ 1,838,857,588</u> | <u>₱ 1,329,067,618</u> | <u>₱ 15,068,666</u> | <u>₱ 3,182,993,872</u> |
| Particulars                                 | January 1,<br>2024     | Cash flows             | Interest<br>Expense | December 31,<br>2024   |
| Loans and borrowings                        | ₱ 863,587,368          | ₱ 634,996,482          | ₱ 18,025,803        | ₱ 1,516,609,653        |
| Advances from related parties               | <u>324,583,570</u>     | <u>(2,335,635)</u>     | -                   | <u>322,247,935</u>     |
| Total liabilities from financing activities | <u>₱ 1,188,170,938</u> | <u>₱ 632,660,847</u>   | <u>₱ 18,025,803</u> | <u>₱ 1,838,857,588</u> |

**Non-cash Activities**

The Company had no material non-cash investing or financing activity-related transactions for the year ended December 31, 2025 and 2024.

**NOTE 33 – CONTINGENCIES**

As of December 31, 2025, the Company has the following legal cases:

*(a) Tradition Homes Project Managers and Development Inc. vs. Cristina A. Inoue (O.P. Case No. 16-j-216)*

This case involves a claim for refund filed by Ms. Cristina A. Inoue, buyer of Block 2, Lot 22, Phase 2 of the South Hills Subdivision, against Tradition Homes Project Managers and Development Inc. before the HLURB.

On June 30, 2022, Tradition Homes Project Managers and Development Inc. received the Decision dated May 20, 2022 issued by the Office of the President, which affirmed the Decision dated September 9, 2016 of the Board of Commissioners of the Housing and Land Use Regulatory Board in favor of the Complainant-Appellee. The Decision: (1) declared the cancellation of the contract covering Block 2, Lot 22, Phase 2 of the South Hills Subdivision Project in San Pedro, Laguna; (2) directed the Company to refund the Complainant the amount of ₱342,262, with interest at 6% per annum from the filing of the complaint until full payment; and (3) ordered the Company to pay ₱50,000 as moral damages, ₱50,000 as attorney's fees, ₱30,000 as exemplary damages, and costs of suit.

On July 14, 2022, Tradition Homes Project Managers and Development Inc. filed a Motion for Reconsideration of the Decision dated May 20, 2022. As of December 2025, Tradition Homes Project Managers and Development Inc. has not yet received a Resolution from the Office of the President on the appeal.

The Parent Company filed an Appeal Submitted for Resolution on Motion for Reconsideration. As of December 31, 2025, based on management's assessment and legal counsel's opinion, the outcome of the appealed motion is uncertain. Accordingly, no provision has been recognized in the financial statements

(b) *Sps. Rafael Inocando and Marites Inocando vs. Haustalk Project Managers, Inc. (HSAC-REM-A-220426-0681)*

This case involves an action for cancellation of the Contract to Sell and refund filed by Spouses Rafael and Marites Inocando, buyers of Block 6, Lot 21, Eastview Homes 3, against Haustalk Project Managers, Inc. before the Human Settlements Adjudication Commission (“HSAC”).

The Company received the Decision dated August 25, 2022 issued by HSAC on the appeal filed by the Company from the Decision dated 02 February 2022 of OIC-Assistant Regional Adjudicator Atty. Michelle Ligsay. HSAC ruled as follows: (a) ordering the Company to refund Spouses Inocando the amount of ₱139,875.96; and (b) ordering Spouses Inocando to vacate and turn over possession of the house and lot (Block 6, Lot 21, Eastview Homes 3, Brgy. San Roque, Antipolo) to the Company.

Sometime in 2024, the Company filed a Motion for Issuance of Writ of Execution which as of August 05, 2024 was submitted for resolution. However, since there was an error in the Entry of Judgment as attorneys’ fees and damages were erroneously included, Haus Talk was directed to file necessary motions to correct the Entry of Judgment, in order to proceed with the execution. As of December 2025, Haustalk Project Managers, Inc. is waiting for the release of the corrected Entry of Judgment and the resolution of the Motion.

(c) *Cornelio Vasquez vs. Haus Talk Project Managers & Maria Leah Madlambayan (HSAC Case No. RIVA-REM-230126-00657)*

This case stemmed from an action for refund filed by Mr. Cornelio M. Vasquez, buyer of Block 3, Lot 17, Eastview Homes 3, against Haus Talk Project Managers, Inc. and Maria Leah Madlambayan before HSAC.

On February 22, 2024, HSAC Regional Adjudication Branch directed the Respondents to refund the Complainant ₱813,519.49, with legal interest of 6% per annum from finality of decision until full payment. On appeal, HSAC issued the Decision dated August 6, 2024 granting the appeal and: (a) dismissing the complaint against Ms. Madlambayan; (b) declaring the Contract to Sell valid and existing; and (c) ordering the Company to abide by the terms of the Contract.

On September 19, 2024, the Complainant filed a Petition for Review with the Court of Appeals (“CA”). The CA, in a Decision dated December 3, 2024, denied the Petition. Mr. Vasquez filed a Motion for Reconsideration, which was denied in the Decision dated May 13, 2025. On June 10, 2025, Vasquez, through counsel, filed a Motion for Extension to File Petition for Certiorari before the Supreme Court. No Petition was received as of this date. Meanwhile, on 30 May 2025, HSAC already issued an Entry of Judgment for the Decision dated August 6, 2024, and due to the withdrawal of the counsel of the Complainant due to lack of coordination by the Complainant, the CA issued Entry of Judgment.

(d) *Dion Ducusin et. al. vs. Haustalk Project Managers, Inc. (NLRC Case No. 11-00064-22)*

This case stemmed from a complaint for illegal dismissal and money claims filed by Dion D. Ducusin and five others against Haustalk Project Managers, Inc. before the National Labor Relations Commission.

In a Decision dated October 26, 2023, the Labor Arbiter ruled in favor of the Complainants and ordered the Company to pay full back wages and other monetary claims. Haustalk Project Managers, Inc. appealed, and the appeal was partly granted in the Decision dated July 11, 2024. In February 2025, Haustalk Project Managers, Inc. filed a Petition for Certiorari with Application for Temporary Restraining Order before the Court of Appeals. Haustalk Project Managers, Inc. is presently awaiting the CA’s Resolution.

On April 3, 2025, the Pre-Execution Conference commenced and was terminated on July 16, 2025. On July 28, 2025, Haustalk Project Managers, Inc. filed its Comment on the computation of the monetary award amounting to ₱5,880,362.41. On August 8, 2025, the Complainants filed a Motion for Issuance of Writ of Execution. On November 21, 2025, Haustalk Project Managers, Inc. received an Order from the Labor Arbiter granting the Motion for Execution filed by the Complainants. On December 01, 2025, Haustalk Project Managers, Inc. availed of the extraordinary remedies under the NLRC Rules and filed a Verified Petition with Application for a Temporary Restraining Order (“TRO”) and/or a Writ of Preliminary Injunction (“WPI”) before the NLRC.

**NOTE 34 – SUPPLEMENTAL DISCLOSURES REQUIRED UNDER BIR RR NO. 34-2020 and 15-2010**

The following supplementary information are presented for purposes of filing with the BIR and are not required part of the basic financial statements.

**I. BIR Revenue Regulation (RR) 15-2010***a. Value-added tax (VAT)*

1. Output VAT declared in the Company's VAT returns are as follows.

| Particulars                     | Amount                  |                     |
|---------------------------------|-------------------------|---------------------|
|                                 | Net Sales<br>/ Receipts | Output VAT          |
| VAT and income tax exempt sales | ₱ 992,500,000           | ₱ -                 |
| VAT-only exempt sales           | 29,666,000              | -                   |
| Sales subject to VAT            | <u>221,623,241</u>      | <u>26,594,789</u>   |
| Total                           | ₱ <u>1,243,789,241</u>  | ₱ <u>26,594,789</u> |

For sale of real estates including house and lots and other residential dwellings with a selling price of not more than ₱3,600,000, a tax exemption applies. During the year, the Company earned revenue amounting to ₱ 1,022,166,000 that covered the mentioned tax exemption.

Sales derived from the project granted by the Board of Investment covered by Income Tax Holiday amounted to ₱992,500,000. These sales also has maximum selling price of ₱2,500,000.

2. The details of input VAT is as follows.

| Particulars  | Amount              |
|--|---------------------|
| Beginning Balance  | ₱ -                 |
| Input from purchase of goods other than for resale/manufacture | 65,434,522          |
| Claimed for tax credit/refund and other adjustments            | <u>(26,594,789)</u> |
| Ending Balance (Note 10)                                       | ₱ <u>38,839,733</u> |

*b. Withholding taxes*

The details of total withholding taxes for the year ended December 31, 2025 are shown below:

| Particulars                                    | Amount              |
|--|---------------------|
| Withholding taxes on compensation and benefits | ₱ 9,456,814         |
| Expanded withholding taxes                     | <u>20,116,157</u>   |
| Total  | ₱ <u>29,572,971</u> |

c. Taxes and licenses

The details of Taxes and licenses paid in 2025 are as follows:

| <u>Particulars</u> | <u>Amount</u>      |
|--------------------|--------------------|
| Business permit    | ₱ 4,687,508        |
| Other fees         | 1,581,087          |
| Real property tax  | <u>1,587,016</u>   |
| Total (Note 28)    | ₱ <u>7,855,611</u> |

d. Excise tax

The Company does not have excise taxes accrued since it does not have any transactions subject to excise tax.

e. Landed cost, customs duties and tariff fees

The Company has not paid or accrued any pertaining customs duties and tariff fees as it has no importation for the year ended December 31, 2025 and prior years.

g. Deficiency tax assessment and tax cases

The Company has no tax cases outstanding or pending in courts or bodies within the BIR in any of the other open years.

## II. BIR Revenue Regulation (RR) 34-2020

December 18, 2020, BIR issued RR 34-2020 which prescribed the guidelines and procedures for the submission of BIR Form 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending the pertinent provision of RR No. 19-2020 and RR No. 15-2010.

The Company is covered by the requirements and procedures for related party transactions under the said regulation as it is one of the following taxpayers required to file and submit the RPT Form together with the Annual Income Tax Return (AITR) as provided under Section 2 thereof:

- a. Large taxpayer;
- b. Taxpayers enjoying tax incentives, i.e. Board of Investments (BOI)-registered and economic zone enterprises, those enjoying Income Tax Holiday (ITH) or subject to preferential income tax rate;
- c. Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and
- d. A related party, as defined under Section 3 of Revenue Regulations (RR) No. 19- 2020, which has transactions with (a), (b) or (c). For this purpose, key management personnel (KMP), as defined under Section 3(7) of RR No. 19-2020, shall no longer be required to file and submit the RPT Form, nor shall there be any requirement to report any transaction between KMP and the reporting entity/parent company of the latter in the RPT Form.

### NOTE 35 – EVENTS AFTER REPORTING PERIOD

#### *Issuance of Fixed-Rate Bonds*

On October 14, 2025, the Board of Directors approved the issuance of fixed-rate bonds with an aggregate principal amount of ₱2,000,000,000 consisting of a base issue amount of ₱1,000,000,000 with an oversubscription option of up to ₱1,000,000,000 (the “Bonds”), subject to the registration and approval of the Securities and Exchange Commission (SEC) and listing approval of the Philippine Stock Exchange (PSE).

On February 27, 2026, the SEC approved the Company's registration statement covering the Bonds. Subsequently, on March 16, 2026, the Company completed the issuance of the Bonds and successfully listed the same with the PSE.

The Bonds bear a fixed interest rate of 7.0896% per annum for the Series A Bonds due 2029 and fixed interest rate of 7.5924% per annum for the Series B Bonds due 2031. Net proceeds from the issuance were used to partially fund the Company's land banking activities, partially support Company's project development and support the general corporate purposes requirement of the Company in accordance with the prospectus.

The issuance occurred after the reporting period and is therefore considered a non-adjusting event under PAS 10. No adjustments were made in the separate financial statements as of December 31, 2025, although the event is considered material due to its impact on the Company's financing structure, liquidity position, and future interest obligations.

|   |
|---|
| <b>NOTE 36 – APPROVAL OF FINANCIAL STATEMENTS</b> |
|---|

The financial statements for the years ended December 31, 2025 and 2024 were authorized for issuance by the Board of Directors (BOD) on April 27, 2026. The shareholders have the power to amend this financial statement after issuance.

**HAUS TALK, INC.**  
*(Formerly Haus Talk Project Managers, Inc.)*

Schedule of Philippine Financial Reporting Standards

**SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR  
DIVIDEND DECLARATION**

**December 31, 2025 and 2024**

| Items   | 2025                   | 2024                 |
|---|------------------------|----------------------|
| Unappropriated Retained Earnings, beginning   | ₱ 860,040,287          | ₱ 544,418,697        |
| Dividend paid   | (75,000,000)           | (50,000,000)         |
| Net Income based on the face of AFS   | 331,347,648            | 365,621,590          |
| Less: Non-actual/unrealized income net of tax   |                        |                      |
| • Equity in net income/(loss) of associate/joint venture  | -                      | -                    |
| • Unrealized foreign exchange gain - net<br>(except those attributable to Cash and Cash Equivalents)                                    |                        |                      |
| Unrealized actuarial gain   | -                      | -                    |
| • Fair value adjustment (M2M gains)   | -                      | -                    |
| • Fair value adjustment of Investment Property<br>resulting to gain adjustment<br>due to deviation from PFRS/GAAP-gain                  | -                      | -                    |
| • Other unrealized gains or adjustments<br>to the retained earnings as a result<br>of certain transactions accounted for under the PFRS | -                      | -                    |
| Add: Non-actual losses  |                        |                      |
| • Depreciation on revaluation increment (after tax)   | -                      | -                    |
| • Adjustment due to deviation from PFRS/GAAP – loss   | -                      | -                    |
| • Loss on fair value adjustment of investment property<br>(after tax)   | -                      | -                    |
| FMV gain/(loss) transferred to equity as a result of disposal of<br>equity investment at FVOCI  | -                      | -                    |
| Gain/(loss) from disposal of financial assets at FVOCI  | -                      | -                    |
| Net Income Actual/Realized  | -                      | -                    |
| Unappropriated Retained Earnings, as adjusted, ending   | ₱ <u>1,116,387,935</u> | ₱ <u>860,040,287</u> |