

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
For the period ended September 30, 2022 (Unaudited) & December 2021 (Audited)
(In Philippine Peso)

ASSETS	September 30, 2022	December 31, 2021
CURRENT ASSETS		
Cash	132,120,859	27,981,912
Receivables	500,644,400	361,491,792
Real estate inventories	3,245,824,918	1,908,517,969
Prepayments and other current assets	7,471,138	1,489,522
Total Current Assets	3,886,061,315	2,299,481,195
NON-CURRENT ASSETS		
Receivables, net of current portion	164,193,579	69,229,318
Advances to related parties	-	-
Property and equipment, net	19,090,369	864,269,620
Software	9,408,000	
Other non-current asset	6,847,476	6,072,861
Total Non-Current Assets	199,539,425	939,571,799
TOTAL ASSETS	4,085,600,740	3,239,052,994
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts and other payables	264,273,092	177,612,486
Income tax payable	7,422,459	14,174,781
Loans and borrowings - current portion	207,592,152	188,876,645
Total Current Liabilities	479,287,702	380,663,912
NON-CURRENT LIABILITIES		
Loans and borrowings, net of current portion	165,179,435	187,028,729
Advances from related parties	155,000,000	216,484,295
Defined benefit obligation	12,994,911	12,994,911
Total Non-Current Liabilities	333,174,346	416,507,935
EQUITY		
Share capital	2,500,000,000	2,000,000,000
Additional paid-in capital	219,305,559	-
Retained earnings	550,497,315	438,545,329
Actuarial gain (loss) on defined benefit obligation	3,335,818	3,335,818
Total Equity	3,273,138,692	2,441,881,147
TOTAL LIABILITIES AND EQUITY	4,085,600,740	3,239,052,994

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Interim for the three- and nine-months period ending September 30, 2022 and 2021
(In Philippine Peso)

	For the Quarter		For the Period	
	Jul - Sept '22 <i>Unaudited</i>	Jul - Sept '21 <i>Unaudited</i>	Jan - Sept '22 <i>Unaudited</i>	Jan - Sept '21 <i>Unaudited</i>
REVENUE				
Real estate sales	180,130,508	92,377,500	558,517,708	173,986,972
Other operating income	<u>3,157,051</u>	<u>4,237,378</u>	<u>10,488,711</u>	<u>11,399,837</u>
Total Revenue	183,287,559	96,614,878	569,006,419	185,386,809
COST OF REAL ESTATE SALES	<u>109,922,050</u>	<u>61,450,636</u>	<u>324,909,076</u>	<u>114,099,871</u>
GROSS PROFIT	<u>73,365,509</u>	<u>35,164,242</u>	<u>244,097,343</u>	<u>71,286,938</u>
OPERATING EXPENSES				
Selling expenses	14,742,087	3,589,487	37,733,393	7,503,778
General and administrative expenses	<u>18,676,783</u>	<u>11,377,930</u>	<u>53,599,803</u>	<u>20,303,706</u>
Total Operating Expenses	<u>33,418,871</u>	<u>14,967,417</u>	<u>91,333,196</u>	<u>27,807,484</u>
NET OPERATING INCOME	39,946,639	20,196,825	152,764,147	43,479,454
FINANCE COST, NET	<u>4,493,997</u>	<u>7,281,763</u>	<u>7,604,713</u>	<u>11,397,520</u>
INCOME BEFORE TAX	35,452,642	12,915,062	145,159,434	32,081,934
INCOME TAX EXPENSE	<u>(8,713,886)</u>	<u>8,123</u>	<u>(33,207,447)</u>	<u>(3,067,567)</u>
NET INCOME	26,738,756	12,923,185	111,951,987	29,014,367
OTHER COMPREHENSIVE INCOME				
Actuarial gain (loss) on retirement plan	<u>-</u>	<u>-</u>	<u>4,253,260</u>	<u>(1,311,370)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>26,738,756</u>	<u>12,923,185</u>	<u>116,205,247</u>	<u>27,702,997</u>
BASIC EARNINGS PER SHARE	<u>0.011</u>	<u>0.005</u>	<u>0.045</u>	<u>0.015</u>

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended September 30, 2022 & 2021 (Unaudited)
(In Philippine Peso)

	Share Capital	Additional paid-in capital	Retained Earnings	Actuarial gain (loss) on defined benefit obligation	Total
BALANCE AT DECEMBER 31, 2018	2,000,000,000		299,720,300	1,888,869	2,301,609,169
Prior period adjustment	-		(10,369,969)	-	(10,369,969)
As restated balance	2,000,000,000		289,350,331	1,888,869	2,291,239,200
Net income	-		1,360,910	-	1,360,910
Other comprehensive income	-		-	(1,494,941)	(1,494,941)
BALANCE AT DECEMBER 31, 2019	2,000,000,000		290,711,241	393,928	2,291,105,169
Net income	-		50,403,482	-	50,403,482
Other comprehensive income	-			(1,311,370)	(1,311,370)
BALANCE AT DECEMBER 31, 2020	2,000,000,000		341,114,723	(917,442)	2,340,197,281
Net income	-		29,014,367	-	29,014,367
Other comprehensive income	-		-	-	-
BALANCE AT SEPTEMBER 30, 2021	2,000,000,000	-	370,129,090	(917,442)	2,369,211,648
Net income			68,416,239		68,416,239
Other comprehensive income				4,253,260	4,253,260
BALANCE AT DECEMBER 31, 2021	2,000,000,000	-	438,545,329	3,335,818	2,441,881,147
Share capital	500,000,000				500,000,000
Additional paid-in capital		219,305,559			219,305,559
Net income			111,951,987		111,951,987
Other comprehensive income					
BALANCE AT SEPTEMBER 30, 2022	2,500,000,000	219,305,559	550,497,316	3,335,818	3,273,138,692

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended September 30, 2022 (Unaudited) & December 31, 2021 (Audited)
(In Philippine Peso)

	September 30, 2022	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	145,159,434	111,621,549
Adjustments for:		
Prior period adjustment	-	-
Interest expense - bank loans	7,604,713	12,533,501
Interest expense - defined benefit obligation	-	565,872
Retirement expense	1,464,426	1,940,048
Interest income earned	(1,387)	(20,314)
Depreciation	2,531,045	4,438,417
Operating income before changes in working capital	156,758,230	131,079,073
Changes in assets and liabilities:		
Decrease (Increase) in receivables	(234,116,869)	(159,331,279)
Decrease (Increase) in real estate inventories	(1,337,306,949)	121,085,176
Decrease (Increase) in prepayments and other current assets	(5,981,616)	280,366
Decrease (Increase) in other non-current assets	(774,615)	1,411,519
Increase (Decrease) in accounts and other payables	86,660,606	66,070,444
Cash generated (used) from (in) operations	(1,334,761,213)	160,317,649
Benefits paid	(1,464,426)	
Interest received	1,387	20,314
Income taxes paid	(39,959,770)	(2,929,911)
Net Cash from Operating Activities	(1,376,184,022)	157,408,052
CASH FLOWS FROM INVESTING ACTIVITIES		
Issuance of shares	500,000,000	
Additional paid up capital	219,305,559	
Acquisition of property and equipment	842,648,207	(858,500,631)
Acquisition of intangible assets	(9,408,000)	
Collections of (additional) advances to related parties	-	756,800,000
Net Cash from Investing Activities	1,552,545,765	(101,700,631)
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to loans and borrowings	(3,133,788)	(80,758,432)
Additional advances from related parties	(61,484,295)	51,984,295
Interest paid	(7,604,713)	(12,533,501)
Net Cash from Financing Activities	(72,222,796)	(41,307,638)
NET INCREASE (DECREASE) IN CASH	104,138,947	14,399,783
CASH, BEGINNING	27,981,912	13,582,129
CASH, END	132,120,859	27,981,912

HAUS TALK, INC. AND ITS SUBSIDIARY

For the period ended September 30, 2022 & 2021 (Unaudited) and December 31, 2021 (Audited)

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

Ratio	Formula	As of Sept 30, 2022	As of Sept 30, 2021	As of Dec. 31, 2021
Current Ratio	Total current assets	3,886,061,314.90	3,184,350,396.00	2,299,481,195.00
	Divided by: Total current liabilities	<u>479,287,701.98</u>	<u>310,112,284.00</u>	<u>380,663,912.00</u>
	Current ratio	8.11	10.27	6.04
Acid test ratio	Total current assets	3,886,061,314.90	3,184,350,396.00	2,299,481,195.00
	Less: Other current assets	<u>7,471,137.73</u>	<u>3,261,288.00</u>	<u>1,489,522.00</u>
	Quick assets	3,878,590,177.17	3,181,089,108.00	2,297,991,673.00
	Divide by: Total current liabilities	<u>479,287,701.98</u>	<u>310,112,284.00</u>	<u>380,663,912.00</u>
	Acid test ratio	8.09	10.26	6.04
Solvency Ratio	Net income	111,951,986.65	29,014,367.00	97,430,606.00
	Add: Depreciation	<u>2,531,044.51</u>	<u>3,533,489.00</u>	<u>4,438,417.00</u>
	Total	114,483,031.16	32,547,856.00	101,869,023.00
	Divide by: Total liabilities	<u>812,462,047.64</u>	<u>1,019,809,450.00</u>	<u>797,171,847.00</u>
	Solvency ratio	0.14	0.03	0.13
Debt-to-Equity Ratio	Total liabilities	812,462,047.64	1,019,809,450.00	797,171,847.00
	Divided by: Total Equity	<u>3,273,138,692.03</u>	<u>2,369,211,648.00</u>	<u>2,441,881,147.00</u>
	Debt-to-equity ratio	0.25	0.43	0.33
Asset-to-equity ratio	Total assets	4,085,600,739.67	3,389,021,098.00	3,239,052,994.00
	Divided by: Total equity	<u>3,273,138,692.03</u>	<u>2,369,211,648.00</u>	<u>2,441,881,147.00</u>
	Asset-to-equity ratio	1.25	1.43	1.33

Interest rate coverage ratio	Income before income tax	145,159,433.84	32,081,934.00	111,621,549.00
	Add: Interest expense	<u>7,604,713.02</u>	<u>11,417,604.00</u>	<u>13,099,373.00</u>
	Total	152,764,146.86	43,499,538.00	124,720,922.00
	Divided by: Interest expense	<u>7,604,713.02</u>	<u>11,417,604.00</u>	<u>13,099,373.00</u>
	Interest rate coverage ratio	20.09	3.81	9.52
Return on average equity	Net income	111,951,986.65	29,014,367.00	97,430,606.00
	Divided by: Average total capital accounts	<u>2,821,175,170.01</u>	<u>2,337,179,317.00</u>	<u>2,391,039,214.00</u>
	Return on equity	0.04	0.01	0.04
Return on average assets	Net income	111,951,986.65	29,014,367.00	97,430,606.00
	Divided by: Average total assets	<u>3,737,310,918.84</u>	<u>3,109,050,192.00</u>	<u>3,164,232,052.00</u>
	Return on average assets	0.03	0.01	0.03
Net profit margin	Net income	111,951,986.65	29,014,367.00	97,430,606.00
	Net sales	<u>558,517,708.00</u>	<u>173,986,972.00</u>	<u>428,006,472.00</u>
	Net profit margin	0.20	0.17	0.23

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

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
For the period ended September 30, 2022 (Unaudited) and December 31, 2021 (Audited)
(In Philippine Peso)

ASSETS	Interim Sept '22	Y.E Dec '21	Horizontal Analysis- Sept '22 vs. Dec '21		Vertical Analysis- Sept '22 vs. Dec '21	
			Amount	%	%	%
CURRENT ASSETS						
Cash	132,120,859	27,981,912	104,138,947	372.17%	3.23%	0.86%
Receivables	500,644,400	361,491,792	139,152,608	38.49%	12.25%	11.16%
Real estate inventories	3,245,824,918	1,908,517,969	1,337,306,949	70.07%	79.45%	58.92%
Prepayments and other current assets	7,471,138	1,489,522	5,981,615.73	401.58%	0.18%	0.05%
Total Current Assets	3,886,061,315	2,299,481,195	1,586,580,120	69.00%	95.12%	70.99%
NON-CURRENT ASSETS						
Receivables, net of current portion	164,193,579	69,229,318	94,964,261	137.17%	4.02%	2.14%
Advances to related parties	-	-	-	-	0.00%	0.00%
Property and equipment, net	19,090,369	864,269,620	(845,179,251)	-97.79%	0.47%	26.68%
Software	9,408,000	-	9,408,000	-	0.23%	0.00%
Other non-current asset	6,847,476	6,072,861	774,615	12.76%	0.17%	0.19%
Total Non-Current Assets	199,539,425	939,571,799	(740,032,374)	-78.76%	4.88%	29.01%
TOTAL ASSETS	4,085,600,740	3,239,052,994	846,547,746	26.14%	100.00%	100.00%
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Accounts and other payables	264,273,092	177,612,486	86,660,606	48.79%	6.47%	5.48%
Income tax payable	7,422,459	14,174,781	(6,752,322)	-47.64%	0.18%	0.44%
Loans and borrowings - current portion	207,592,152	188,876,645	18,715,507	9.91%	5.08%	5.83%
Total Current Liabilities	479,287,702	380,663,912	98,623,790	25.91%	11.73%	11.75%

**NON-CURRENT
LIABILITIES**

Loans and borrowings, net of current portion	165,179,435	187,028,729	(21,849,294)	-11.68%	4.04%	5.77%
Advances from related parties	155,000,000	216,484,295	(61,484,295)	-28.40%	3.79%	6.68%
Defined benefit obligation	12,994,911	12,994,911	-	0.00%	0.32%	0.40%
Total Non-Current Liabilities	333,174,346	416,507,935	(83,333,589)	-20.01%	8.15%	12.86%

EQUITY

Share capital	2,500,000,000	2,000,000,000	500,000,000	25.00%	61.19%	61.75%
Additional paid-in capital	219,305,559		219,305,559	-	5.37%	0.00%
Retained earnings	550,497,315	438,545,329	111,951,986	25.53%	13.47%	13.54%
Actuarial gain (loss) on defined benefit obligation	3,335,818	3,335,818	-	0.00%	0.08%	0.10%
Total Equity	3,273,138,692	2,441,881,147	831,257,545	34.04%	80.11%	75.39%

**TOTAL LIABILITIES
AND EQUITY**

4,085,600,740	3,239,052,994	846,547,746	26.14%	100.00%	100.00%
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Financial position as of September 30, 2022 (Unaudited) vis-à-vis Full Year (FY) of 2021 (Audited)

Cash increased by 372.17% or Php104.13M as a net effect of the proceeds from the IPO, payments from buyers and the acquisition of the Biñan property.

Receivables-current portion increased by 38.49% or Php139.15M driven by the installment sales posted during the period.

Real estate inventories increased by 70.07% or Php1.34B due to the acquisition of Biñan property and the re-classification to inventory of a subsidiary's property.

Prepayments and other current assets increased by 401.58% or Php5.98M relative to the acquisition of the Biñan property and other prepayments.

Receivables, net of current portion went up by 137.17% or Php94.96M driven by the installment sales.

Property and equipment declined by 97.79% or Php845.17M due to the re-classification of a subsidiary's property to inventory.

Software increased to Php9.40M attributed to the company's acquisition of its accounting system.

Other non-current assets increased by 12.76% or Php0.77M due to refundable deposits made.

Accounts and other payables increased by 48.79% or Php86.66M due to procurement of office and construction equipment and materials.

Income tax payable registered a downward trend of 47.64% or Php6.75M since the reference period is for one full year vis-à-vis a three quarters' performance in the current period.

Loans and borrowings - current posted an increase by 9.91% or Php18.71M due to reclassification from noncurrent to current liabilities.

Loans and borrowings-net of current portion posted a balance lower by 11.68% or Php21.84M due to reclassification from noncurrent to current liabilities.

Advances from related parties decreased by 28.40% or Php61.48M relative to the settlement of accounts with subsidiaries.

Share capital increased by 25% or P500.00M as a result of the company's initial public offering of its shares of stock in the SME board of the PSE.

The company registered Php219.30M paid-in capital reflecting the payments in excess of par value for subscriptions made on the 500M shares issued during the IPO.

Retained earnings grew by 25.53% or Php111.95M consequent to the year-to-date net income.

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the period ended September 30, 2022 & 2021 (Unaudited)
(In Philippine Peso)

	9 mos. Interim		Horizontal Analysis-		Vertical Analysis-	
	September 30, 2022	2021	Sept 2022 vs. 2021 Amount	%	Sept 2022 vs. 2021 %	%
REVENUE						
Real estate sales	558,517,708	173,986,972	384,530,736	221.01%	100.00%	100.00%
Other operating income	10,488,711	11,399,837	- 911,126	-7.99%	1.88%	6.55%
Total Revenue	569,006,419	185,386,809	383,619,610	206.93%	101.88%	106.55%
COST OF REAL ESTATE SALES	324,909,076	114,099,871	210,809,205	184.76%	58.17%	65.58%
GROSS PROFIT	244,097,343	71,286,938	172,810,405	242.42%	43.70%	40.97%
OPERATING EXPENSES						
Selling expenses	37,733,393	7,503,778	30,229,615	402.86%	6.76%	4.31%
General and administrative expenses	53,599,803	20,303,706	33,296,097	163.99%	9.60%	11.67%
Total Operating Expenses	91,333,196	27,807,484	63,525,712	228.45%	16.35%	15.98%
NET OPERATING INCOME	152,764,147	43,479,454	109,284,693	251.35%	27.35%	24.99%
FINANCE COST, NET	7,604,713	11,397,520	(3,792,807)	-33.28%	1.36%	6.55%
INCOME BEFORE TAX	145,159,434	32,081,934	113,077,500	352.46%	25.99%	18.44%
INCOME TAX EXPENSE	(33,207,447)	(3,067,567)	(30,139,880)	982.53%	-5.95%	-1.76%
NET INCOME	111,951,987	29,014,367	82,937,620	285.85%	20.04%	16.68%
OTHER COMPREHENSIVE INCOME						
Actuarial gain (loss) on retirement plan	4,253,260	(1,311,370)	5,564,630	424.34%	0.76%	-0.75%
TOTAL COMPREHENSIVE INCOME (LOSS)	116,205,247	27,702,997	88,502,250	319.47%	20.81%	15.92%
BASIC EARNINGS PER SHARE	0.045	0.015				

Financial Operation for the period ended September 30, 2022 (Unaudited) vs. September 30, 2021

Real estate sales grew by 221.01% or Php384.53M as more units were sold/taken out.

Cost of Sales registered an increase of 184.76% or Php210.80M relative to the growth in sales.

Selling expenses increased by 402.86% or Php30.22M attributed to the strengthened marketing activities during the current period.

General and administrative expenses rose by 163.99% or Php33.29M as a result of the hiring of additional talents and the alignment of the salary structure of the existing personnel, and other additional overhead expenses incurred to support the company's growth due to the new projects.

Finance cost went down by 33.28% or Php3.79M due to loan repayments made.

Income before tax increased by 352.46% or Php113.07M driven by the growth in sales.

Income tax expense grew by 982.53% or Php30.13M consequent to the growth in the taxable income.

Net income rose by 285.85% or Php82.93M attributed to the growth in sales.

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HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the period three months period July to September 2022 & 2021 (Unaudited)
(In Philippine Peso)

	Jul - Sept, 2022	Jul- Sept, 2021	Horizontal Analysis- Q3 '22 vs. Q3 '21		Vertical Analysis- Q3 '22 vs. Q3 '21	
			Amount	%	%	%
REVENUE						
Real estate sales	180,130,508	92,377,500	87,753,008	94.99%	100.00%	100.00%
Other operating income	3,157,051	4,237,378	- 1,080,327	-25.50%	1.75%	4.59%
Total Revenue	183,287,559	96,614,878	86,672,681	89.71%	101.75%	104.59%
COST OF REAL ESTATE SALES	109,922,050	61,450,636	48,471,414	78.88%	61.02%	66.52%
GROSS PROFIT	73,365,509	35,164,242	38,201,267	108.64%	40.73%	38.07%
OPERATING EXPENSES						
Selling expenses	14,742,087	3,589,487	11,152,600	310.70%	8.18%	3.89%
General and administrative expenses	18,676,783	11,377,930	7,298,853	64.15%	10.37%	12.32%
Total Operating Expenses	33,418,871	14,967,417	18,451,454	123.28%	18.55%	16.20%
NET OPERATING INCOME	39,946,639	20,196,825	19,749,814	97.79%	22.18%	21.86%
FINANCE COST, NET	4,493,997	7,281,763	- 2,787,766	-38.28%	2.49%	7.88%
INCOME BEFORE TAX	35,452,642	12,915,062	22,537,580	174.51%	19.68%	13.98%
INCOME TAX EXPENSE	(8,713,886)	8,123	- 8,722,009	-	-4.84%	0.01%
NET INCOME	26,738,756	12,923,185	13,815,571	106.91%	14.84%	13.99%
OTHER COMPREHENSIVE INCOME						
Actuarial gain (loss) on retirement plan	-	-	-	-	0.00%	0.00%
TOTAL COMPREHENSIVE INCOME (LOSS)	26,738,756	12,923,185	13,815,571	106.91%	14.84%	13.99%
BASIC EARNINGS PER SHARE	0.011	0.005				

Financial Operation for three-month periods July to Sept 2022 vs. July to Sept 2021

Real estate sales grew by 94.99% or Php87.75M as more units were sold/taken out this year.

Cost of Sales registered an increase of 78.88% or Php48.47M relative to the growth in sales.

Selling expenses increased by 310.70% or Php11.15M attributed to the strengthened marketing activities during the current period.

General and administrative expenses rose by 64.15% or Php7.29M as a result of the hiring of additional talents and the alignment of the salary structure of the existing personnel, and other additional overhead expenses incurred to support the company's growth due to the new projects.

Finance cost went down by 38.28% or Php2.78M due to loan repayments made.

Income before tax increased by 174.51% or Php22.53M driven by the growth in sales.

Income tax expense increased to Php 8.71M consequent to the growth in the taxable income.

Net income rose by 106.91% or Php13.81M mainly driven by the sales growth.

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PART II--OTHER INFORMATION

The following items are the material reports filed by the Company using SEC Form 17-C during the third quarter of the year until the date of this report.

August 23, 2022	<p>Approval of the adoption of a dividend policy. Under the dividend policy, the Corporation shall maintain an annual dividend payout ratio of at least 20% of the Corporation's recurring net income for the preceding calendar year.</p> <p>The Board of Directors shall have the authority to declare dividends subject to the requirements of applicable laws and regulations and the absence of circumstances which may restrict their payment.</p>								
September 7, 2022	<p>1. Approval of the holding of the Company's Stockholders' Meeting ("ASM") on October 19, 2022 at 10:30 a.m. through remote communication (zoom) pursuant to SEC Memorandum Circular No. 6, series of 2020. The record date is set on September 22, 2022.</p> <p>2. Appointment of Mr. John Elson T. Baguipo as the Corporation's Investor Relations and Compliance Officer to replace Ms. Julie O. Lapina whose resignation was accepted, effective immediately. The Board expressed its gratitude to Ms. Lapina for her invaluable service to the Corporation.</p> <p>The Board also confirmed the appointment of Mr. Baguipo as the Corporation's Contoller.</p>								
September 9, 2022	<p>Attendance of the following in the corporate governance webinar:</p> <ol style="list-style-type: none"> 1. Terence Restituto D. Madlambayan--Chairman/ VP-Business Development; 2. Maria Rachel D. Madlambayan – Director/ President; 3. Luis Pio D. Madlambayan – Director; 4. Ma. Leah D. Madlambayan – Director/ VP-Sales & Marketing; 5. Joselito D. Madlambayan – Director; 6. Gloris Judith D. Madlambayan - Treasurer; 7. Maria Agnes M. Siapno – Chief Finance Officer; and 8.Noemi D. Madlambayan – VP-Purchasing/ Asst. Corporate Secretary 								
October 14, 2022	<p>Approval of the changes in the Use of IPO Proceeds:</p> <ol style="list-style-type: none"> 1. The reallocation of Sixty Two Million Fourteen Thousand Five Hundred Seventy Five Pesos (P62,014,575.00) IPO proceeds allotted for land acquisition as partial payment on the purchase of the following properties: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">LOCATION</th> <th style="text-align: center;">AREA (ha)</th> <th style="text-align: center;">ACQUISITION PRICE (PHP)</th> <th style="text-align: center;">PROJECT</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	LOCATION	AREA (ha)	ACQUISITION PRICE (PHP)	PROJECT				
LOCATION	AREA (ha)	ACQUISITION PRICE (PHP)	PROJECT						

	<table border="1"> <tr> <td>Calasiao, Pangasinan</td> <td>4.8</td> <td>168,941,500.00</td> <td>Economic Residential Housing</td> </tr> <tr> <td>Sta. Rosa, Laguna</td> <td>3.0</td> <td>135,000,000.00</td> <td>Economic Residential Housing</td> </tr> </table> <p>TO</p> <p>be used as additional partial payment for land acquisition of the following property:</p> <table border="1"> <thead> <tr> <th>LOCATION</th> <th>AREA (ha)</th> <th>ACQUISITION PRICE (PHP)</th> <th>PROJECT</th> </tr> </thead> <tbody> <tr> <td>Bayabas Road, San Antonio, Biñan, Laguna</td> <td>12.0</td> <td>720,000,000.00</td> <td>Economic Residential Housing</td> </tr> </tbody> </table> <p>Given the magnitude of the Biñan and Bacoor projects of the Corporation, the Board decided to cancel the implementation of the purchases of the Calasiao and Sta. Rosa properties and instead refocus the Corporation’s resources on its more prime projects. The actual disbursement of the above-mentioned funds shall be made thirty (30) days or more from today.</p> <p>2. The reallocation of Thirty Five Million Nine Hundred Twenty Two Thousand Three Hundred Pesos (P35,922,300.00) IPO proceeds allotted for project development of the Corporation’s property located in Mariveles, Bataan</p> <p>TO</p> <p>be used for the project development of the Biñan project which shall commence in November. The actual disbursement of the said funds shall be made thirty (30) days or more from today.</p>	Calasiao, Pangasinan	4.8	168,941,500.00	Economic Residential Housing	Sta. Rosa, Laguna	3.0	135,000,000.00	Economic Residential Housing	LOCATION	AREA (ha)	ACQUISITION PRICE (PHP)	PROJECT	Bayabas Road, San Antonio, Biñan, Laguna	12.0	720,000,000.00	Economic Residential Housing
Calasiao, Pangasinan	4.8	168,941,500.00	Economic Residential Housing														
Sta. Rosa, Laguna	3.0	135,000,000.00	Economic Residential Housing														
LOCATION	AREA (ha)	ACQUISITION PRICE (PHP)	PROJECT														
Bayabas Road, San Antonio, Biñan, Laguna	12.0	720,000,000.00	Economic Residential Housing														
October 19, 2022	Results of ASM and Organizational Meeting																
October 28, 2022	Attendance of the following in the corporate governance webinar: <ol style="list-style-type: none"> 1. Atty. Angelico T. Salud -- Independent Director; 2. Atty. Jose Ferdinand M. Rojas II – Independent Director; and 3. Atty. Lyra Gracia Y. Lipae-Fabella – Corporate Secretary 																

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized in Pasig City on
NOV 18 2022


HAUS TALK, INC.

Issuer

By:


MARIA RACHEL D. MADLAMBAYAN
President


GLORIA JUDITH D. MADLAMBAYAN
Treasurer


MARIA AGNES M. SIAPNO
Chief Finance Officer

HAUS TALK, INC. AND ITS SUBSIDIARIES
(Formerly Haus Talk Project Managers, Inc. and its Subsidiaries)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - INTERIM
For the 9 Month Period ended September 30, 2022 and 2021 (Unaudited) and December 31, 2021 (Audited)

NOTE 1 – GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

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

THI’s WINN residences project, a residential condominium project located at Sitio Veterans, Barangay Bagong Silangan, Quezon City, was approved as a Socialized Housing Project by the Housing and Land Regulatory Board

(HLURB) and thereby granting the Company exemption from Income Tax, Capital Gains Tax and Value-Added Tax. The certification issued by the HLURB bears the reference number 15-06-038.

Lifestyle Development Corporation (referred to as the “Subsidiary or LDC”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) per SEC Registration No. A199918322 on February 23, 2019. The Subsidiary’s primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development and participate in the government’s mass housing program.

The Subsidiary’s current registered address is at 1802 Jollibee Plaza Emerald Avenue, Ortigas Center, Pasig City.

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

Cash

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

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

As of September 30, the account consists of:

Particulars	2022	2021
Petty cash fund	₱ 508,000	₱ 373,980
Cash in vault	60,000,000	-
Cash in bank	<u>71,612,859</u>	<u>38,255,568</u>
Total	₱ <u>132,120,859</u>	₱ <u>38,629,548</u>

As of December 31, the account consists of:

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

Receivables

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

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

As of September 30, the account consists of:

Particulars	2022	2021
Installment contracts receivables at amortized cost	₱ 637,269,089	₱ 265,633,192
Receivables at amortized cost from:		
Contractors	2,862,758	2,610,999
Officers and employees	2,566,778	1,763,074
Suppliers	655,932	1,104,062
Broker	2,674,194	2,588,424
Buyer	2,765,120	4,707,151
Others	16,044,110	21,102,769
Total	664,837,979	299,509,671
Less: Noncurrent portion of installment contract receivables	164,193,579	85,180,597
Receivables, current portion	₱ 500,644,400	₱ 214,329,074

As of December 31, the account consists of:

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

Aging Schedule of Receivables

This account as of September 30, 2022 consists of the following:

	Total	Neither past due nor impaired	1-30 days	31-60 days	61-90 days	over 90 days
Receivables	664,837,979	664,220,723	362,305	117,155	69,351	68,445
Current	500,644,400	500,027,144	362,305	117,155	69,351	68,445
Noncurrent	164,193,579	164,193,579	-	-	-	-

This account as of September 30, 2021 consists of the following:

	Total	Neither past due nor impaired	1-30 days	31-60 days	61-90 days	over 90 days
Receivables	299,509,671	299,114,746	366,519	28,406	-	-
Current	214,329,074	213,934,149	366,519	28,406	-	-
Noncurrent	85,180,597	85,180,597	-	-	-	-

Installment contract receivables at amortized cost

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

Receivables from contractors, suppliers, brokers and buyers

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

Receivables from officers and employees

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

Others

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

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

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

Real estate inventories

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

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

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

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

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

As of September 30, the account consists of:

Particulars	2022	2021
Land for sale and development	₱ 2,836,603,202	₱ 2,572,855,950
Residential units and development	398,240,598	346,329,641
Model units	10,981,119	8,944,895
Total	₱ 3,245,824,918	₱ 2,928,130,486

As of December 31, the account consists of:

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

Prepayments and other current assets

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

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

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

As of September 30, the account consists of:

Particulars	2022	2021
Input VAT	₱ 5,254,784	₱ 2,576,430
Prepaid taxes and licenses	86,502	431,548
Prepaid interest		32,664
Prepaid maintenance	1,050,000	
Prepaid insurance	127,309	28,461
Prepaid rent	550,000	
Others	402,543	192,185
Total	₱ 7,471,138	₱ 3,261,288

As of December 31, the account consists of:

Particulars	2021	2020
Input VAT	₱ 441,611	₱ 1,132,679
Prepaid taxes and licenses	100,887	323,477
Prepaid interest	18,665	106,669
Prepaid insurance	15,681	15,985

Others	<u>912,678</u>	<u>191,078</u>
Total	₱ <u>1,489,522</u> ₱	<u>1,769,888</u>

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

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

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

Advances to related parties

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

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

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are considered related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Property and equipment

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

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

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

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

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

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

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

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

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

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

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

The movements of property and equipment are as follows:

September 30, 2022

Particulars	Beginning Balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Office improvement	₱ 3,375,885	₱	₱	₱ 3,375,885
Office equipment	2,367,256	1,364,696		3,731,952
Construction equipment	12,787,297	8,521,608		21,308,905
Transportation equipment	4,608,396	1,957,179		6,565,575
Furniture and fixture	223,058	803		223,861
Construction tools	2,831,116	60,199		2,891,315
Warehouse equipment	44,625	94,643		139,268
Total	₱ 26,237,633	₱ 11,999,128	₱	₱ 38,236,761
Accumulated depreciation:				
Office improvement	₱ 2,956,619	₱ 225,211	₱	₱ 3,181,830
Office equipment	1,540,111	449,960		1,990,071
Construction equipment	4,715,374	2,160,049		6,875,423
Transportation equipment	3,458,503	681,864		4,140,368
Furniture and fixture	99,670	33,013		132,684
Construction tools	2,727,799	65,428		2,793,226
Warehouse equipment	7,437	25,352		32,790
Total	₱ 15,505,514	₱ 3,640,877	₱	₱ 19,146,392
Net Book Value	₱ 10,732,120			₱ 19,090,369

September 30, 2021:

Particulars	Beginning Balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Office improvement	₱ 3,375,886	₱ -	₱ -	₱ 3,375,886
Office equipment	2,166,969	1,743,264	-	3,910,233
Construction equipment	11,593,630	-	-	11,593,630
Transportation equipment	4,595,996	13,400	(1,001)	4,608,395
Furniture and fixture	270,293	-	-	223,058
Construction tools	2,721,963	53,018	-	2,774,981
Warehouse equipment	-	44,625	-	44,625
Total	24,724,737	₱ 1,854,307	₱ -	26,530,808
Accumulated depreciation:				
Office improvement	2,618,147	₱ 264,877	₱ -	2,883,024
Office equipment	1,306,710	731,010	-	2,037,720
Construction equipment	5,471,593	1,505,862	-	6,977,455
Transportation equipment	2,713,544	611,303	-	3,324,847
Furniture and fixture	94,951	39,966	(48,236)	86,681
Construction tools	2,312,386	376,752	-	2,689,138
Warehouse equipment	-	3,719	-	3,719
Total	14,517,331	₱ 3,533,489	₱ (48,236)	18,002,584
Net Book Value	₱ 10,207,406			₱ 8,528,224

December 31, 2021

Particulars	Beginning Balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Land	₱ -	₱ 853,537,499	₱ -	₱ 853,537,499
Office improvement	3,375,886	-	-	3,375,886
Office equipment	2,166,969	201,286	-	2,368,255
Construction equipment	11,593,630	4,595,667	3,402,000	12,787,297
Transportation equipment	4,595,996	12,400	-	4,608,396
Furniture and fixture	223,058	-	-	223,058
Construction tools	2,721,963	109,154	-	2,831,117
Warehouse equipment	-	44,625	-	44,625
Total	24,677,502	₱ 858,500,631	₱ 3,402,000	879,776,133
Accumulated depreciation:				
Office improvement	2,618,147	₱ 338,473	₱ -	2,956,620
Office equipment	1,306,710	234,400	-	1,541,110
Construction equipment	5,471,593	2,645,780	3,402,000	4,715,373
Transportation equipment	2,713,544	744,961	-	3,458,505
Furniture and fixture	47,716	51,954	-	99,670
Construction tools	2,312,386	415,412	-	2,727,798
Warehouse equipment	-	7,437	-	7,437
Total	14,470,096	₱ 4,438,417	₱ 3,402,000	15,506,513
Net Book Value	₱ 10,207,406			₱ 864,269,620

Other non-current assets

As of September 30, the account consists of:

<u>Particulars</u>	<u>2022</u>	<u>2021</u>
Refundable deposits	₱ 4,602,469	₱ 3,827,854
Deferred tax assets	<u>2,245,008</u>	<u>819,338</u>
Total	₱ <u>6,847,476</u>	₱ <u>4,647,192</u>

As of December 31, the account consists of:

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

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

Accounts and other payables

As of September 30, the account consists of:

<u>Particulars</u>	<u>2022</u>	<u>2021</u>
Trade payables	₱ 94,112,123	₱ 147,809,931
Accrued expenses	13,000,000	-
Retention payable	7,218,936	5,382,536
Customer deposits	136,354,906	50,214,007
Government liabilities	1,350,203	834,659
Other liabilities	<u>12,236,923</u>	<u>1,636,452</u>
Total	₱ <u>264,273,092</u>	₱ <u>205,877,585</u>

As of December 31, the account consists of:

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

Trade payables

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

Retention payable

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

Customer deposits

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

Government liabilities

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

Other liabilities

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

Income taxes

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

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

Loans and borrowings

China Banking Corporation

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

Straight Loan

On September 7, 2022 and September 29, 2022, the Company obtained a straight loan from China Bank via short-term Peso Promissory Notes and 1-year- short term Peso Promissory Note amounting to ₱15,000,000 and 35,000,000 with maturity due on December 6, 2022 and September 29, 2023

Contract to Sell Purchase Facility

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

interests and participation in their CTS balances in which the assignment shall be with recourse against the Company.

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

Term Loan

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

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

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

Contract to Sell Purchase Facility

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

Sterling Bank of Asia

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

Term Loan

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

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

Contract-to-Sell (CTS) Financing Line

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

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

Term Loan

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

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

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

Contract-to-Sell Financing Line

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

Bank of the Philippine Islands

Loan Facility

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

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

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

Revolving Promissory Note

On May 31, 2017, the Subsidiary Company obtained a Revolving Promissory Note Line from BPI Family Savings Bank amounting to a line limit of ₱20,000,000 with an expiration on November 30, 2018. The line's

interest is payable monthly in arrears, meanwhile the principal at maturity which does not exceed 360 days. The loan line is secured through continuing Suretyship of Allied Community Builders & Development, Inc., Edward D. Madlambayan and Ma. Rachel D. Madlambayan.

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

Defined benefit obligation

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

Related Party Transactions

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.

Significant transactions with related parties as of September 30, 2022 are as follows:

Related Party	Transactions	Outstanding Balance	Nature	Terms and Conditions
Advances from related party				
Stockholders	-61,484,295	155,000,000	Advances for working capital purposes; Deposits for future stock subscription	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash
	₱ <u>-61,484,295</u>	₱ <u>155,000,000</u>		

December 31, 2021

Related Party	Transactions	Outstanding Balance	Nature	Terms and Conditions
Advances from related party				
Stockholders	51,984,295	216,484,295	Advances for working capital purposes; Deposits for future stock subscription	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash
	₱ <u>51,984,295</u>	₱ <u>216,484,295</u>		

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.

Share Capital

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

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

As of September 30, the account consists of:

Particulars	Shares		Amount in Php	
	2022	2021	2022	2021
Authorized Shares:				
Beginning:				
80,000,000 common shares at ₱1.00 par value	₱ -	₱ -	₱ -	₱ -
2,500,000,000 common shares at ₱1.00 par value	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000
Addition:				
2,420,000,000 common shares at ₱1.00 par value	-	-	-	-
	<u>₱ 2,500,000,000</u>	<u>₱ 2,500,000,000</u>	<u>₱ 2,500,000,000</u>	<u>₱ 2,500,000,000</u>
Subscribed Capital - Common Share:				
Beginning:				
43,200,000 shares at ₱1.00 par value	-	-	-	-
2,500,000,000 shares at ₱1.00 par value	₱ 2,500,000,000	₱ 2,000,000,000	₱ 2,500,000,000	₱ 2,000,000,000
Additional subscription:				
1,956,800,000 shares at ₱1.00 par value	-	-	-	-
Total	<u>₱ 2,500,000,000</u>	<u>₱ 2,000,000,000</u>	<u>₱ 2,500,000,000</u>	<u>₱ 2,000,000,000</u>

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

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

Retained earnings

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

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

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

Revenue recognition

Revenue from contract with customers

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

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

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

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

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

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

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

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

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

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

Real estate sales

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

Forfeitures and cancellation of real estate contracts

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

Other income

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

Interest income

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

Contract balances

Receivable from customers

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

Contract assets

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

Contract liabilities

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

Cost to obtain contract

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

Costs and expenses recognition

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

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

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

Real estate sales

For the month ended September 30, the account consists of the following:

<u>Particulars</u>	<u>2022</u>	<u>2021</u>
Residential house and lot	₱ <u>558,517,708.00</u>	₱ <u>173,986,972.00</u>
Total	₱ <u><u>558,517,708.00</u></u>	₱ <u><u>173,986,972.00</u></u>

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

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

Other operating income

For the month ended September 30, the account consists of the following:

<u>Particulars</u>	<u>2022</u>	<u>2021</u>
Interest income – in house financing	₱ <u>9,290,664</u>	₱ 9,650,510
Interest income - bank deposits	<u>1,387</u>	
Forfeiture income	<u>1,146,660</u>	1,034,692
Miscellaneous income	<u>50,000</u>	<u>714,635</u>
Total	₱ <u><u>10,488,711</u></u>	₱ <u><u>11,399,837</u></u>

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

<u>Particulars</u>	<u>2021</u>	<u>2020</u>
Interest income – in house financing	₱ 11,305,673	₱ 5,202,816
Forfeiture income	<u>1,094,692</u>	<u>26,865</u>
Miscellaneous income	<u>886,288</u>	<u>352,982</u>
Total	₱ <u><u>13,286,653</u></u>	₱ <u><u>5,582,663</u></u>

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

Cost of Real Estate Sales

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

For the month ended September 30, the account consists of the following:

Particulars	2022	2021
Land cost development	₱ 70,892,334	₱ 35,148,350
Construction cost	222,249,051	72,029,444
Cost of Service	13,536,000	
Other cost	18,231,691	6,922,077
Total	₱ 324,909,076	₱ 114,099,871

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

Particulars	2021	2020
Land cost development	₱ 68,810,368	₱ 63,949,547
Construction cost	173,565,108	112,286,513
Other cost	16,860,873	8,477,815
Total	₱ 259,236,349	₱ 184,713,875

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

Selling, administrative, and other operating expenses

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

For the month ended September 30, the account consists of the following:

Particulars	2022	2021
Commissions, advertising and promotion	₱ 37,733,393	₱ 7,503,778
	37,733,393	7,503,778

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

Particulars	2021	2020
Advertising and promotion	₱ 1,002,898	₱ 1,689,588
Commissions	13,845,077	8,541,750
Processing, registration and certification	-	-
Total	₱ 14,847,975	₱ 10,231,338

General and administrative expenses

For the month ended September 30, the account consists of the following:

Particulars	2022	2021
Salaries, wages and allowances	₱ 21,041,742	₱ 8,574,461
Professional fees	2,492,685	290,625

Depreciation	2,531,045	3,533,489
Taxes and licenses	4,440,433	2,204,709
Utilities	1,024,039	2,102,651
Retirement expense	1,464,426	277,650
Dues, subscriptions and donations	1,559,062	511,962
Transportation and travel	542,583	560,142
Rent expense	820,946	558,865
Registration, listing & other fees	1,912,899	-
Representation and entertainment	1,287,682	47,280
Stationery and office supplies	266,650	310,687
Insurance expense	1,442,559	283,133
Interest expense	2,112,828	-
Repairs and maintenance	478,744	7,376
Miscellaneous expenses	10,181,481	1,040,676
Total	₱ 53,599,803	₱ 20,303,706

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

<u>Particulars</u>	<u>2021</u>	<u>2020</u>
Salaries, wages and allowances	₱ 19,381,770	₱ 14,744,073
Professional fees	4,950,390	1,371,577
Depreciation (Note 14)	4,438,417	5,229,749
Taxes and licenses	2,887,039	1,564,424
Utilities	2,647,977	2,738,196
Retirement expense (Note 18)	1,940,048	1,319,377
Dues, subscriptions and donations	932,976	641,124
Transportation and travel	921,557	575,987
Rent expense	847,715	213,250
Listing fee	815,000	-
Representation and entertainment	390,504	478,992
Stationery and office supplies	334,815	239,021
Insurance expense	323,507	481,167
Repairs and maintenance	126,601	390,454
Miscellaneous expenses	<u>1,569,969</u>	<u>920,716</u>
Total	₱ 42,508,285	₱ 30,908,107

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

Contingencies

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

Other matters

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