

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

MHHC Enterprises Inc

400 Union Ave SE

253-336-6442

mhhcco.com

info@mhhcco.com

5065

Quarterly Report

For the Period Ending: [06/30/2021]
(the "Reporting Period")

As of June 30, 2021, the number of shares outstanding of our Common Stock was: 4,921,500.

As of March 31, 2021, the number of shares outstanding of our Common Stock was: 921,500.

As of December 31, 2020, the number of shares outstanding of our Common Stock was: 921,500.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and

Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control⁵ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

⁵ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

02/06/2004 Formation date in Nevada as Aquagen International, Inc.
07/07/2005 Name changed to Hoodia International, Inc.
03/19/2008 Name changed to Oceanic Research and Recovery, Inc.
03/21/2017 Name changed to McCusker Holdings Corp.
08/21/2018 Name changed to MHHC Enterprises, Inc.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

02/06/2004 Incorporation date in the State of Nevada. Current standing in Nevada is active.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

7400:1 Reverse Split: November 3, 2020 FINRA approved a 7400:1 Reverse Split.

10 to 1 Dividend: MHHC anticipates approval from FINRA the issuance of 10 additional shares for each 1 stock for shareholders of record on July 26th, 2021, the Board approved this dividend in June 2021 and is currently awaiting action from FINRA.

The address(es) of the issuer's principal executive office:

400 Union Ave SE Olympia, WA 98501

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address: ☒

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

N/A

2) Security Information

Trading symbol: MHHC
Exact title and class of securities outstanding: Common
CUSIP: 58002L 109
Par or stated value: .001

Total shares authorized: 200,000,000 as of date: 06/30/2021
Total shares outstanding: 4,921,500 as of date: 06/30/2021

Number of shares in the Public Float⁶: 444,827 as of date: 06/30/2021
Total number of shareholders of record: 518 as of date: 06/30/2021

All additional class(es) of publicly traded securities (if any):

Trading symbol: MHHC
Exact title and class of securities outstanding: Preferred Series A
CUSIP: 58002L 109
Par or stated value: .0001
Total shares authorized: 25,000,000 as of date: 06/30/2021
Total shares outstanding: 500,000 as of date: 06/30/2021

Transfer Agent

Name: Transfer Online
Phone: 503-227-2950
Email: info@transferonline.com
Address: 512 SE Salmon Portland, OR 97214

Is the Transfer Agent registered under the Exchange Act?⁷ Yes: ☒ No: ☐

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>01/01/2019</u> Common: <u>921,500</u> Preferred: <u>500,000</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of	Individual/ Entity Shares were issued to (entities must have individual with voting / investment	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.

⁶ "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

⁷ To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

					issuance? (Yes/No)	control disclosed).	Services Provided		
<u>05/07/2021</u>	<u>New</u>	<u>2,000,000</u>	<u>Commo n</u>	<u>.001</u>	<u>No</u>	<u>Raymond MacKay</u>	<u>Services Rendered</u>	<u>Restrict ed</u>	<u>Section 4a1</u>
<u>05/07/2021</u>	<u>New</u>	<u>2,000,000</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	<u>Frank Hawley</u>	<u>Services Rendered</u>	<u>Restricted</u>	<u>Sec 4a1</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Shares Outstanding on Date of This Report:									
<u>Ending</u> <u>Balance</u>									
<u>Ending Balance:</u>									
Date <u>08/26/2021</u>									
<u>4,921,500</u>									
Common:									
Preferred: <u>500,000</u>									

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended September 30, 2020, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2018 through September 30, 2020 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☒ X

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Use the space below to provide any additional details, including footnotes to the table above:

4) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)⁸:

Name: **David Hexter**
Title: **CPA**
Relationship to Issuer: **CPA-Consultant**

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance sheet;
- D. Statement of income;
- E. Statement of cash flows;
- F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- G. Financial notes; and
- H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

Financial Statements are incorporated with Disclosure

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

⁸ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

MHHC is a national provider of consumer electronic and OEM product warranty services. MHHC provides help desk and warranty service administration for a wide variety of industries.

B. Please list any subsidiaries, parents, or affiliated companies.

MHHC Warranty and Services Inc.

MHHC ReInsurance Inc.

ONBLi, Inc.

C. Describe the issuers' principal products or services.

MHHC Warranty and Services Inc OEM Performance Program Warranties (manufacturer and big box retail): MHHC provides warranty solutions and provides support (outsourcing of warranty support) to these markets. Our services include call center support, automated and manual claims processing, adjudication of claims, site visits, and customized warranty work for build out of Big Box Retail stores.

Extended Warranty Services: Where state regulation allows issues warranty service contracts through third party dealers for consumer electronics, their appliances, and other household goods.

MHHC ReInsurance Inc provides claim support for MHHC Warranty and Services Inc in 2021 and manages the captive for MHHC Enterprises Inc

ONBLi Inc will provide e-commerce sales and manufacturing in 2021 for consumer personal and electronic products and further enhance the sale of warranties by MHHC Warranty and Service, Inc.

6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company's primary office, assets and operational headquarters is in Olympia, WA at 400 Union St Se Ste 200 where we have a month to month lease.

7) Company Insiders (Officers, Directors, and Control Persons)

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% or more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>Frank J. Hawley</u>	<u>CEO, CFO, President, Secretary, Treasurer</u>	<u>Olympia, WA</u>	2,231,650	<u>Common</u>	<u>45.3%</u>	_____
<u>Frank J. Hawley</u>	<u>CEO, CFO, President, Secretary, Treasurer</u>	<u>Olympia, WA</u>	<u>250,000</u>	Class A Preferred	<u>50%</u>	Class A Preferred 51% common Stock voting power In aggregate
<u>Raymond MacKay</u>	Director	<u>Anderson, SC</u>	<u>2,122,412</u>	<u>Common</u>	<u>43.1%</u>	_____
<u>Raymond MacKay</u>	Director	<u>Anderson, SC</u>	<u>250,000</u>	Class A Preferred	<u>50%</u>	Class A Preferred 51% common Stock voting power In aggregate

8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

No

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

No

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

No

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

No

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: William Robinson Eilers, Esq.
Firm: Eilers Law Group

Address 1: 149 S. Lexington Ave., Asheville, NC 28801
www. Eilerslawgroup.com

Phone: 786-273-9152

Email: wreilers@eilerslawgroup.com

Accountant

Name: David A. Hexter CPA, P.A.
Firm: _____
Address 1: 4650 Siena Circle
Address 2: Wellington, FL 33414
Phone: 561-333-0447
Email: dhextercpa@hotmail.com

Auditor

Name:
Firm: Salberg and Company PA
Address 1: 2295 NW Corporate Blvd STE 240
Address 2: Boca Raton, FL 33431
Phone: 561-995-8270
Email: info@salbergco.com

Investor Relations

Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

Name: _____
Firm: First Apex International
Nature of Services: Investor Relations
Address 1: 721 N. Vulcan Avenue
Address 2: Encinitas, CA 92024
Phone: 301-796-9018
Email: admin@firstapexinternational.com

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Frank Hawley certify that:

1. I have reviewed this Quarterly Disclosure of MHHC Enterprises Inc;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Frank J Hawley
08/26/2021 [Date]

[CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Frank Hawley certify that:

1. I have reviewed this Quarterly disclosure of MHHC Enterprises Inc;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

08/26/2021 [Date]

____ [CFO's Signature]

Frank J Hawley

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Condensed Consolidated Balance Sheets as of June 30, 2021 (Unaudited) and December 31, 2020	F-2
Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2021 and 2020 (Unaudited)	F-3
Condensed Consolidated Statements of Stockholders' Deficit for the Three and Six Months Ended June 30, 2021 and 2020 (Unaudited)	F-4
Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2021 and 2020 (Unaudited)	F-6
Notes to Condensed Consolidated Financial Statements	F-7

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2021	December 31, 2020
	(Unaudited)	(As Restated)
Assets		
Current assets:		
Cash	\$ 44,476	\$ 173,069
Accounts receivable	202,366	143,632
Prepaid expenses and other current assets	3,659	-
Total current assets	250,501	316,701
Property and equipment, net	1,459	1,816
Total assets	<u>\$ 251,960</u>	<u>\$ 318,517</u>
Liabilities and stockholders' deficit		
Current liabilities:		
Accrued expenses	\$ 41,623	\$ 32,764
Deferred revenue	424,059	367,013
Warranty claims payable	55,797	36,511
Warranty reserve liability	3,307	3,039
Total current liabilities	524,786	439,327
Deferred revenue, less current portion	909,937	831,110
Notes payable	291,500	255,800
Total liabilities	1,726,223	1,526,237
Commitments and contingencies - See Note 7		
Stockholders' deficit:		
Preferred stock - 500,000 shares authorized:		
Preferred stock - Series A, \$0.0001 par value, 500,000 shares designated, issued and outstanding	50	50
Common stock, par value \$0.001 per share; 200,000,000 shares authorized; 921,500 shares issued and outstanding	922	922
Additional paid-in capital	9,697,969	9,582,366
Accumulated deficit	(11,173,204)	(10,791,058)
Total stockholders' deficit	(1,474,263)	(1,207,720)
Total liabilities and stockholders' deficit	<u>\$ 251,960</u>	<u>\$ 318,517</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues:				
Extended warranty revenues	\$ 103,075	\$ 71,145	\$ 183,745	\$ 140,168
Assurance warranty revenues	3,907	2,440	5,358	5,262
Total revenues	<u>106,982</u>	<u>73,585</u>	<u>189,103</u>	<u>145,430</u>
Cost of revenues:				
Claims expense	42,481	31,284	85,552	64,228
Warranty reserve expense	195	122	268	263
Total cost of revenues	<u>42,676</u>	<u>31,406</u>	<u>85,820</u>	<u>64,491</u>
Gross profit	<u>64,306</u>	<u>42,179</u>	<u>103,283</u>	<u>80,939</u>
Operating expenses:				
General and administrative	308,057	87,856	480,549	157,027
Total operating expenses	<u>308,057</u>	<u>87,856</u>	<u>480,549</u>	<u>157,027</u>
Operating loss	<u>(243,751)</u>	<u>(45,677)</u>	<u>(377,266)</u>	<u>(76,088)</u>
Other income (expense):				
Interest income	-	-	7	-
Interest expense	(2,481)	-	(4,887)	-
Total other expense, net	<u>(2,481)</u>	<u>-</u>	<u>(4,880)</u>	<u>-</u>
Loss before income taxes	(246,232)	(45,677)	(382,146)	(76,088)
Provision for income taxes	-	-	-	-
Net loss	<u>\$ (246,232)</u>	<u>\$ (45,677)</u>	<u>\$ (382,146)</u>	<u>\$ (76,088)</u>
Net loss per share:				
Basic and diluted	<u>\$ (0.27)</u>	<u>\$ (0.05)</u>	<u>\$ (0.41)</u>	<u>\$ (0.08)</u>
Weighted average number of common shares outstanding:				
Basic and diluted	<u>921,500</u>	<u>921,500</u>	<u>921,500</u>	<u>921,500</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021
(Unaudited)

	<u>Series A Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Deficit</u>	<u>Total</u>
					<u>Capital</u>		
Balance - March 31, 2021 (Unaudited)	500,000	\$ 50	921,500	\$ 922	\$ 9,582,366	\$ (10,926,972)	\$ (1,343,634)
Stock-based compensation	-	-	-	-	115,603	-	115,603
Net loss	-	-	-	-	-	(246,232)	(246,232)
Balance - June 30, 2021 (Unaudited)	<u>500,000</u>	<u>\$ 50</u>	<u>921,500</u>	<u>\$ 922</u>	<u>\$ 9,697,969</u>	<u>\$ (11,173,204)</u>	<u>\$ (1,474,263)</u>

	<u>Series A Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Deficit</u>	<u>Total</u>
					<u>Capital</u>		
Balance - December 31, 2020	500,000	\$ 50	921,500	\$ 922	\$ 9,582,366	\$ (10,791,058)	\$ (1,207,720)
Stock-based compensation	-	-	-	-	115,603	-	115,603
Net loss	-	-	-	-	-	(382,146)	(382,146)
Balance - June 30, 2021 (Unaudited)	<u>500,000</u>	<u>\$ 50</u>	<u>921,500</u>	<u>\$ 922</u>	<u>\$ 9,697,969</u>	<u>\$ (11,173,204)</u>	<u>\$ (1,474,263)</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

MIHC ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020
(Unaudited)

	<u>Series A Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Deficit</u>	<u>Total</u>
					<u>Capital</u>		
Balance - March 31, 2020 (Unaudited)	500,000	\$ 50	921,500	\$ 922	\$ 9,582,366	\$ (10,529,700)	\$ (946,362)
Net loss	-	-	-	-	-	(45,677)	(45,677)
Balance - June 30, 2020 (Unaudited)	<u>500,000</u>	<u>\$ 50</u>	<u>921,500</u>	<u>\$ 922</u>	<u>\$ 9,582,366</u>	<u>\$ (10,575,377)</u>	<u>\$ (992,039)</u>

	<u>Series A Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Deficit</u>	<u>Total</u>
					<u>Capital</u>		
Balance - December 31, 2019	500,000	\$ 50	921,500	\$ 922	\$ 9,582,366	\$ (10,499,289)	\$ (915,951)
Net loss	-	-	-	-	-	(76,088)	(76,088)
Balance - June 30, 2020 (Unaudited)	<u>500,000</u>	<u>\$ 50</u>	<u>921,500</u>	<u>\$ 922</u>	<u>\$ 9,582,366</u>	<u>\$ (10,575,377)</u>	<u>\$ (992,039)</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended	
	June 30,	
	2021	2020
Cash Flows From Operating Activities:		
Net loss	\$ (382,146)	\$ (76,088)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	115,603	-
Depreciation	357	-
Interest and amortization of debt discount	4,887	-
Changes in operating assets and liabilities:		
Accounts receivable	(58,734)	(36,149)
Prepaid expenses and other current assets	(3,659)	499
Warranty claims payable	19,286	(7,129)
Accrued expenses	3,972	7,271
Deferred revenue	135,873	103,482
Warranty reserve liability	268	263
Net cash used in operating activities	<u>(164,293)</u>	<u>(7,851)</u>
Cash Flows From Financing Activities:		
Proceeds from notes payable	35,700	2,000
Net cash provided by financing activities	<u>35,700</u>	<u>2,000</u>
Net decrease in cash	(128,593)	(5,851)
Cash at beginning of period	<u>173,069</u>	<u>15,700</u>
Cash at end of period	<u><u>\$ 44,476</u></u>	<u><u>\$ 9,849</u></u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 NATURE OF OPERATIONS

Overview

MHHC Enterprises, Inc. (“MHHC” or the “Company”) offers its Extended Service Contract (ESC’s) in over 1,000 retail locations and online as well. MHHC is a provider of help desk and warranty insurance administration services for a wide variety of industries and consumers. Additionally, the organization creates and specializes service programs for a variety of manufacturers and commercial construction industries like heating, ventilating and air conditioning (HVAC). MHHC is a provider of call center "on-shoring" by creating jobs in the United States for professional phone representatives, including both sales and customer service employees. The Company’s call center processes claims and service calls by skilled professionals consistently offering warranty support solutions for a variety of businesses. MHHC prides itself in offering troubleshooting solutions over the phone and developing processes to eliminate overhead costs of shipping and timely repairs on approved claims. The highly skilled staff at MHHC consistently provide mission-critical solutions and results that assist industries and manufacturers in driving down warranty support and repair costs for their organization.

Basis of Presentation

The interim unaudited condensed financial statements included herein reflect all material adjustments (consisting of normal recurring adjustments and reclassifications and non-recurring adjustments) which, in the opinion of the Company’s management, are ordinary and necessary for a fair presentation of results for the interim periods. Certain information and footnote disclosures required under generally accepted accounting principles in the United States of America (“GAAP”) have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). The Company’s management believes the disclosures are adequate to make the information presented not misleading.

The condensed balance sheet information as of December 31, 2020 was derived from the Company’s annual financial statements for the year ended December 31, 2020 (“2020 Annual Report”), filed on March 31, 2021. These interim unaudited condensed financial statements should be read in conjunction with the 2020 Annual Report. The results of operations for the three and six months ended June 30, 2021 are not necessarily indicative of the results to be expected for the entire fiscal year or for any other period.

NOTE 2 GOING CONCERN AND MANAGEMENT’S LIQUIDITY PLANS

As of June 30, 2021, the Company had cash of \$44,476 and a working capital deficit (current liabilities in excess of current assets) of \$274,285. During the six months ended June 30, 2021, the net loss was \$382,146 and net cash used in operating activities was \$164,293. These conditions raise substantial doubt about the Company’s ability to continue as a going concern for one year from the issuance of the consolidated financial statements.

During the six months ended June 30, 2021, the Company received proceeds of \$35,700 from the issuance of notes payable.

The Company’s primary source of operating funds since inception has been cash proceeds from operations. The Company has experienced net losses since inception, but it expects these conditions to improve in the future as it implements its business model. The Company’s ability to continue its operations is dependent upon its ability to obtain additional capital through public or private equity offerings, debt financings or other sources; however, financing may not be available to the Company on acceptable terms, or at all. The Company’s failure to raise capital as and when needed could have a negative impact on its financial condition and its ability to pursue its business strategy, and the Company may be forced to curtail or cease operations.

Management’s plans regarding these matters encompass the following actions: 1) obtain funding from new investors from a combination of debt and equity offerings in order to alleviate the Company’s working capital deficiency; and 2) implement its business plan to increase revenues. The Company’s continued existence is dependent upon its ability to obtain additional funding sources and to develop profitable operations. However, the outcome of management’s plans cannot be determined with any degree of certainty.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Accordingly, the accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business for one year from the date the consolidated financial statements are issued. The carrying amounts of assets and liabilities presented in the consolidated financial statements do not necessarily purport to represent realizable or settlement values. The consolidated financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, leading to an economic downturn. It has also disrupted the normal operations of many businesses, including ours. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak of COVID-19 and its effects on our business including our financial condition, liquidity, or results of operations at this time. Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, customers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects that the COVID-19 outbreak will have on its results of operations, financial condition, or liquidity for 2021. As of the date of this report, the Company has experienced delays in collecting its accounts receivable, declines in wholesale orders and cancelation of potential additional ESC opportunities and the longer this pandemic continues there may be additional impacts. Furthermore, the COVID-19 outbreak has and may continue to impact the Company's ability to raise capital.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, liquidity, and capital resources, and those of the third parties on which the Company relies.

NOTE 3 — ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates in the accompanying consolidated financial statements include the allowance for doubtful accounts, depreciable lives of property and equipment, valuation of loss contingencies, warranty reserve liability for assurance warranties, valuation of stock-based compensation and the valuation allowance on deferred tax assets. Actual results may differ from these estimates.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of MHHC Enterprises, Inc. and its wholly owned subsidiary MHHC Warranty and Services, Inc and ONBLi, Inc. All significant intercompany transactions and balances have been eliminated in consolidation. MHHC Reinsurance, Inc., an additional wholly owned subsidiary, has no accounting activity during the periods presented, and therefore has no effect on the consolidated financial statements included herein.

Fair Value of Financial Instruments

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 825-10, "Financial Instruments" ("ASC 825-10") requires disclosure of the fair value of certain financial instruments. The estimated fair value of certain financial instruments, including accounts receivable, accrued expenses and warranty claims payable are carried at historical cost basis, which approximates their fair value because of the short-term maturity of these instruments. All other significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

Cash and Cash Equivalents

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at June 30, 2021 and December 31, 2020. The Company maintains its cash in banks insured by the Federal Deposit Insurance Corporation in accounts that at times may be in excess of the federally insured limit of \$250,000 per bank. At June 30, 2021 and December 31, 2020, the uninsured balances amounted to \$0.

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The Company classifies assets and liabilities recorded at fair value under the fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. The fair value measurements are classified under the following hierarchy:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consists of unsecured trade accounts with customers (See Note 9). The Company monitors outstanding receivables based on factors surrounding the credit risk of specific customers, historical trends, and other information. The allowance for doubtful accounts is estimated based on an assessment of the Company's ability to collect on customer accounts receivable. There is judgment involved with estimating the allowance for doubtful accounts, and if the financial condition of the Company's customers were to deteriorate, resulting in their inability to make the required payments, the Company may be required to record additional allowances or charges against revenues. The Company has not historically experienced significant credit or collection problems with its customers. At June 30, 2021 and December 31, 2020, no allowance for doubtful accounts relating to the Company's accounts receivable was deemed necessary.

Property and Equipment

Property and equipment consists of computer equipment and is recorded at cost. Repairs and maintenance costs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. The estimated useful life for computer equipment is three years.

Long-Lived Assets

The Company reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The test for impairment is required to be performed by management at least annually. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted operating cash flow expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Income Taxes

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

The Company accounts for its income taxes in accordance with accounting principles generally accepted in the United States of America, which requires, among other things, recognition of future tax benefits and liabilities measured at enacted rates attributable to temporary differences between financial statement and income tax bases of assets and liabilities and to net tax operating loss carryforwards to the extent that realization of these benefits is more likely than not. The Company periodically evaluates the realizability of its net deferred tax assets. The Company's policy is to account for interest and penalties relating to income taxes, if any, in "income tax expense" in its consolidated statements of operations and include accrued interest and penalties within "accrued liabilities" in its consolidated balance sheets, if applicable. For the six months ended June 30, 2021 and 2020, no income tax related interest or penalties were assessed or recorded.

Revenue Recognition and Deferred Revenue

The Company follows Accounting Standards Codification 606 ("ASC 606"). ASC 606 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASC also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer purchase orders, including significant judgments.

Revenues consist of warranty fees derived from extended warranties and manufacturer warranties on general consumer electronic goods, which include residential appliances, audio and visual equipment and small consumer handheld electronics. The extended warranties are sold wholesale to agents that resell them to direct retail outlets. Extended warranty revenue is recognized pro-rata over the applicable extended warranty period, ranging from one to five years. The extended warranty period begins at the end of the manufacturer's warranty period, which typically lasts one year. The manufacturer warranties are serviced by guaranteeing products to the consumer on behalf of the manufacturer.

Deferred revenue represents the amount of extended warranty fees received in excess of the portion recognized as revenue and it is included in current and non-current liabilities in the accompanying condensed consolidated balance sheets. Deferred revenue shall be recognized in the future on a straight-line basis over the respective terms of the extended warranty periods ranging from one to five years subsequent to the end of the manufacturer's warranty period.

For customers for which the Company is providing warranty coverage as if it were the manufacturer (assurance warranties), revenue is recognized immediately. Concurrently, a warranty reserve liability equal to the estimated future claims is also recognized. There are no separate performance obligations.

Cost of Revenues

Cost of revenues includes claims and warranty expense. For extended warranties, claims expense is recognized as claims occur and is recognized in the period in which the claim originates. For manufacturer warranties, warranty expense is recognized at the beginning of the warranty period to establish an estimated warranty reserve liability. Claims for manufacturer warranties reduce the warranty reserve liability.

Advertising

The Company charges the costs of advertising to expense as incurred. Advertising costs were \$6,402 and \$598 for the six months ended June 30, 2021 and 2020, respectively.

Stock-Based Compensation Expense

Stock-based compensation expense is measured at the grant date fair value of the award and is expensed over the requisite service period. For stock-based awards to employees, non-employees and directors, the Company calculates the fair value of the award on the date of grant using the Black-Scholes option pricing model, which includes variables such as the expected volatility of the Company's share price, the exercise behavior of its grantees, interest rates, and dividend yields. These variables are projected based on the Company's historical data, experience, and other factors. In the case of awards with multiple vesting

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

periods, the Company has elected to use the graded vesting attribution method, which recognizes compensation cost on a straight-line basis over each separately vesting portion of the award as if the award was, in substance, multiple awards.

Net Loss per Common Share

Net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the “treasury stock” and/or “if converted” methods as applicable.

The computation of basic and diluted income (loss) per share excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

There were no potentially dilutive securities outstanding during the periods presented.

Recent Accounting Pronouncements

In August 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement” (“ASU 2018-13”). ASU 2018-13 removes certain disclosure requirements, including the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, and the valuation processes for Level 3 fair value measurements. ASU 2018-13 also adds disclosure requirements, including changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements, and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The amendments on changes in unrealized gains and losses, and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. ASU 2018-13 became effective for the Company on January 1, 2020. The adoption of this update did not have a material impact on the Company’s consolidated financial statements and related disclosures.

FASB ASU 2016-02, Leases (Topic 842) – ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize, in the statement of financial position, a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Public business entities should apply the amendments in ASU 2016-02 for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years (i.e., January 1, 2019, for a calendar year entity). Early application is permitted for all public business entities and all non-public business entities upon issuance. The adoption of this standard did not have a material impact on the Company’s financial position and results of operations.

FASB ASU No. 2018-07 (Topic 718), “Compensation – Stock Compensation: Improvements to Nonemployee Share-Based Payment Accounting” – Issued in June 2018, ASU 2018-07 expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from non-employees. The amendments also clarify that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under Topic 606. The new standard became effective for the Company as of January 1, 2019. The adoption of this guidance did not have a material impact on the Company’s consolidated financial condition or results of operations.

There are other various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company’s financial position, results of operations or cash flows.

NOTE 4 — PROPERTY AND EQUIPMENT

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Property and equipment and related accumulated depreciation are summarized in the table below:

	March 31, 2021	December 31, 2020
Computer equipment	\$ 2,140	\$ 2,140
Less: accumulated depreciation	(681)	(324)
Property and equipment, net	<u>\$ 1,459</u>	<u>\$ 1,816</u>

Depreciation expense was \$357 and \$0 for the six months ended June 30, 2021 and 2020, respectively.

NOTE 5 — ACCRUED EXPENSES

Accrued expenses are summarized in the table below:

	March 31, 2021	December 31, 2020
Accrued payroll and related costs	\$ 7,821	\$ 7,895
Accrued interest payable	8,989	4,103
Other	24,813	20,766
Total accrued expenses	<u>\$ 41,623</u>	<u>\$ 32,764</u>

NOTE 6 — NOTES PAYABLE

On July 8, 2020, MHHC Warranty and Services, Inc. executed the standard loan documents for an Economic Injury Disaster Loan (“EIDL”) from the U.S. Small Business Administration in light of the impact of the COVID-19 pandemic on the Company. Pursuant to that certain Loan Authorization and Agreement (the “SBA Loan Agreement”), the principal amount of the EIDL received was \$123,500, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum. Installment payments, including principal and interest, are due monthly beginning July 8, 2021 (twelve months from the date of the SBA Loan Agreement) in the amount of \$593. On March 15, 2021, the initial payment date was extended 12 months to July 8, 2022. The balance of principal and interest is payable thirty years from the date of the SBA Loan Agreement. At June 30, 2021 and December 31, 2020, the remaining carrying value of the note was \$123,500. At June 30, 2021 and December 31, 2020, accrued interest on the note was \$4,469 and \$2,173, respectively, and is included in accrued expenses on the accompanying condensed consolidated balance sheet.

On August 7, 2020, MHHC Enterprises, Inc. executed the standard loan documents for an EIDL from the U.S. Small Business Administration in light of the impact of the COVID-19 pandemic on the Company. Pursuant to that certain Loan Authorization and Agreement (the “SBA Loan Agreement”), the principal amount of the EIDL received was \$132,300, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum. Installment payments, including principal and interest, are due monthly beginning August 7, 2021 (twelve months from the date of the SBA Loan Agreement) in the amount of \$646. On March 15, 2021, the initial payment date was extended 12 months to August 7, 2022. The balance of principal and interest is payable thirty years from the date of the SBA Loan Agreement. At June 30, 2021 and December 31, 2020, the remaining carrying value of the note was \$132,300. At June 30, 2021 and December 31, 2020, accrued interest on the note was \$4,390 and \$1,930, respectively, and is included in accrued expenses on the accompanying condensed consolidated balance sheet.

On February 17, 2021, MHHC Warranty and Services, Inc. received proceeds of \$35,700 from the Paycheck Protection Program (“PPP”) administered by the U.S. Small Business Administration in exchange for a promissory note. The note has a maturity date of February 17, 2026 and bears 1% interest per annum. Payments of the Loan shall be deferred until the date on which the amount of forgiveness determined under the CARES Act as amended by the Economic Aid Act, or the Small Business Act, is remitted to the Lender. If the Company fails to apply for forgiveness within 10 months after the last day of the Covered Period (as defined in the Small Business Act as amended by the Economic Aid Act), principal and interest payments will commence 10 months from the last day of the Covered Period. All remaining principal and accrued interest is due and payable

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

at the maturity date of the note. As of June 30, 2021, the Company owed \$35,700 in principal and \$130 in accrued interest on this note.

At June 30, 2021 and December 31, 2020, the remaining carrying value of notes payable was \$291,500 and \$255,800, respectively. At June 30, 2021 and December 31, 2020, accrued interest payable of \$8,989 and \$4,103, respectively, was outstanding on the notes.

NOTE 7 — COMMITMENTS AND CONTINGIENCES

Legal Matters

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At June 30, 2021, there were no other pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations and there are no proceedings in which any of the Company's directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to the Company's interest.

NOTE 8 — STOCKHOLDERS' DEFICIT

Preferred Stock

The Company is authorized to issue 500,000 shares of preferred stock, par value \$0.0001 per share.

On August 7, 2018, the Company authorized the issuance of 500,000 Series A preferred stock ("Series A"), par value \$0.0001 per share. As stated in the Certification of Designation, "Together, collectively and in their entirety, all Holders of Series A Preferred Stock shall have voting rights equal to exactly 51% of all voting rights available at the time of any vote". The Series A have no conversion rights, are not entitled to dividends and have no stated or liquidation value. The Certificate of Designation for the Series A preferred stock was filed on April 25, 2019.

At June 30, 2021 and December 31, 2020, there were 500,000 shares of Series A preferred stock issued and outstanding.

Common Stock

On May 7, 2021, the Company granted 2,000,000 common shares to each of the two officers of the Company (an aggregate of 4,000,000 common shares) as deferred compensation. The shares shall vest on May 17, 2022, subject to continued employment by the Company. As the quoted closing trading price of the Company's common stock was \$0.20 on the date of the grant, the fair value of the compensation was \$802,800, which is being amortized to expense over the vesting period. Accordingly, during the six months ended June 30, 2021, \$115,603 of stock-based compensation was recognized in the accompanying condensed consolidated statement of operations.

On September 23, 2020, the Company amended its Articles of Incorporation to change the number of authorized common shares to 200,000,000 shares of common stock, par value \$0.001 per share, which has been reflected retroactively in the accompanying condensed consolidated financial statements.

On November 3, 2020, the Company effected 1-for-7,400 reverse split of its common stock. All references to common shares and per-share data for all periods presented in this report have been retroactively adjusted to give effect to this reverse split.

At June 30, 2021 and December 31, 2020, there were 921,500 shares of common stock outstanding.

NOTE 9 — CONCENTRATIONS

Concentration of Revenues

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

For the three and six months ended June 30, 2021 and 2020, one customer accounted for more than 10% of the Company's net revenues as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Customer 1	96.4%	96.7%	97.2%	96.4%
Totals	96.4%	96.7%	97.2%	96.4%

Concentration of Accounts Receivable

One customer accounted for 97.8% and 98.3% of the Company's consolidated accounts receivable at June 30, 2021 and December 31, 2020, respectively.

Concentration of Vendor

One vendor, which is also the Company's largest customer, is utilized to process and service all of the Company's claims related to extended warranties. At June 30, 2021 and December 31, 2020, the balance due to this vendor was \$55,797 and \$36,511, respectively.

NOTE 10 — SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the unaudited condensed consolidated financial statements are issued.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Consolidated Balance Sheets as of December 31, 2020 and 2019	F-2
Consolidated Statements of Operations for the Years Ended December 31, 2020 and 2019	F-3
Consolidated Statements of Stockholders' Deficit for the Years Ended December 31, 2020 and 2019	F-4
Consolidated Statements of Cash Flows for the Years Ended December 31, 2020 and 2019	F-5
Notes to Consolidated Financial Statements	F-6

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2020	2019
Assets		
Current assets:		
Cash	\$ 173,068	\$ 15,700
Accounts receivable	143,632	93,962
Prepaid expenses and other current assets	-	692
Total current assets	316,700	110,354
Property and equipment, net	1,167	-
Total assets	<u>\$ 317,867</u>	<u>\$ 110,354</u>
Liabilities and shareholders' deficit		
Current liabilities:		
Accounts payable	\$ 32,246	\$ 42,577
Accrued expenses	23,538	7,816
Deferred revenue	1,187,454	972,124
Warranty reserve liability	3,039	3,788
Total current liabilities	1,246,277	1,026,305
Notes payable	255,800	-
Total liabilities	1,502,077	1,026,305
Commitments and contingencies - See Note 6		
Stockholders' deficit:		
Preferred stock, par value \$0.001 per share; 25,000,000 shares authorized; 500,000 shares issued and outstanding	500	500
Common stock, par value \$0.001 per share; 200,000,000 shares authorized; 921,500 shares issued and outstanding	922	922
Additional paid-in capital	9,582,366	9,582,366
Accumulated deficit	(10,767,998)	(10,499,739)
Total stockholders' deficit	(1,184,210)	(915,951)
Total liabilities and stockholders' deficit	<u>\$ 317,867</u>	<u>\$ 110,354</u>

The accompanying notes are an integral part of the consolidated financial statements.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended	
	December 31,	
	2020	2019
Net revenues	\$ 317,049	\$ 290,030
Claims and warranty expense	135,132	221,802
Gross profit	181,917	68,228
Operating expenses:		
General and administrative	446,095	375,101
Total operating expenses	446,095	375,101
Operating loss	(264,178)	(306,873)
Other income (expense), net	(4,081)	(3,922)
Loss before income taxes	(268,259)	(310,795)
Provision for income taxes	-	-
Net loss	<u>\$ (268,259)</u>	<u>\$ (310,795)</u>
Earnings per share:		
Basic and diluted	<u>\$ (0.29)</u>	<u>\$ (0.35)</u>
Weighted average number of common and common equivalent shares outstanding:		
Basic and diluted	<u>921,500</u>	<u>881,070</u>

The accompanying notes are an integral part of the consolidated financial statements.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Preferred Stock		Common Stock		Additional	Accumulated	
	Shares	Amount	Shares	Amount	Paid-In	Deficit	Total
					Capital		
Balance - December 31, 2018	500,000	\$ 500	840,418	\$ 841	\$ 9,462,447	\$ (10,188,944)	\$ (725,156)
Common stock issued for services	-	-	81,082	81	119,919	-	120,000
Net loss	-	-	-	-	-	(310,795)	(310,795)
Balance - December 31, 2019	500,000	500	921,500	922	9,582,366	(10,499,739)	(915,951)
Net loss	-	-	-	-	-	(268,259)	(268,259)
Balance - December 31, 2020	<u>500,000</u>	<u>\$ 500</u>	<u>921,500</u>	<u>\$ 922</u>	<u>\$ 9,582,366</u>	<u>\$ (10,767,998)</u>	<u>\$ (1,184,210)</u>

The accompanying notes are an integral part of the consolidated financial statements.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2020	2019
Cash Flows From Operating Activities:		
Net loss	\$ (268,259)	\$ (310,795)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Share-based compensation	-	120,000
Depreciation and amortization	973	-
Interest and amortization of debt discount	4,102	3,362
Changes in operating assets and liabilities:		
Accounts receivable	(49,670)	143,479
Prepaid expenses and other current assets	692	(692)
Accounts payable	(14,433)	(107,377)
Accrued expenses	15,722	4,012
Deferred revenue	215,330	178,738
Warranty reserve liability	(749)	1,326
Net cash provided by (used in) operating activities	<u>(96,292)</u>	<u>32,053</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	(2,140)	-
Net cash used in investing activities	<u>(2,140)</u>	<u>-</u>
Cash Flows From Financing Activities:		
Bank overdraft	-	(117)
Repayments of loan payable	-	(1,958)
Proceeds from notes payable	255,800	-
Repayments of notes payable	-	(14,278)
Net cash provided by (used in) financing activities	<u>255,800</u>	<u>(16,353)</u>
Net increase in cash	157,368	15,700
Cash at beginning of year	<u>15,700</u>	<u>-</u>
Cash at end of year	<u><u>\$ 173,068</u></u>	<u><u>\$ 15,700</u></u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ 560</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the consolidated financial statements.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 OVERVIEW

MHHC Enterprises, Inc. ("MHHC" or the "Company") offers its Extended Service Contract (ESC's) in over 1,000 retail locations and online as well. MHHC is a provider of help desk and warranty insurance administration services for a wide variety of industries and consumers. Additionally, our organization creates and specializes service programs for a variety of manufacturers and commercial construction industries like heating, ventilating and air conditioning (HVAC). MHHC is a provider of call center "on-shoring" by creating jobs in the United States for professional phone representatives, including both sales and customer service employees. Our call center processes claims and service calls by skilled professionals consistently offering warranty support solutions for a variety of businesses. MHHC prides itself in offering troubleshooting solutions over the phone and developing processes to eliminate overhead costs of shipping and timely repairs on approved claims. The highly skilled staff at MHHC consistently provide mission-critical solutions and results that assist industries and manufacturers in driving down warranty support and repair costs for their organization.

NOTE 2 ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates in the accompanying consolidated financial statements include the allowance for doubtful accounts, depreciable lives of property and equipment, valuation of loss contingencies, valuation of stock-based compensation and the valuation allowance on deferred tax assets. Actual results may differ from these estimates.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of MHHC Enterprises, Inc. and its wholly owned subsidiaries (MHHC Warranty and Services, Inc., MHHC Reinsurance, Inc. and ONBLi, Inc.). All significant intercompany transactions and balances have been eliminated in consolidation.

Fair Value of Financial Instruments

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 825-10, "Financial Instruments" ("ASC 825-10") requires disclosure of the fair value of certain financial instruments. The estimated fair value of certain financial instruments, including cash, accounts payable and accrued liabilities are carried at historical cost basis, which approximates their fair value because of the short-term maturity of these instruments. All other significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at December 31, 2020 and 2019. The Company maintains its cash in banks insured by the Federal Deposit Insurance Corporation in accounts that at times may be in excess of the federally insured limit of \$250,000 per bank. At December 31, 2020 and 2019, the uninsured balances amounted to \$0.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consists of unsecured trade accounts with customers. The Company monitors outstanding receivables based on factors surrounding the credit risk of specific customers, historical trends, and other information. The allowance for doubtful accounts is estimated based on an assessment of the Company's ability to collect on customer accounts receivable. There is judgment involved with estimating the allowance for doubtful accounts, and if the financial condition of the Company's customers were to deteriorate, resulting in their inability to make the required payments, the Company may be required to record additional allowances or charges against revenues. The Company has not historically experienced significant credit or collection problems with its customers. At December 31, 2020 and 2019, no allowance for doubtful accounts relating to the Company's accounts receivable was deemed necessary.

Property and Equipment

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Property and equipment consists of computer equipment and is recorded at cost. Repairs and maintenance costs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. The estimated useful life for computer equipment is three years.

Long-Lived Assets

The Company reviews its property and equipment and any identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The test for impairment is required to be performed by management at least annually. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted operating cash flow expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. Intangible assets are stated at cost and reviewed annually to examine any impairments, usually assuming an estimated useful life of three to five years. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings.

Income Taxes

The Company accounts for its income taxes in accordance with accounting principles generally accepted in the United States of America, which requires, among other things, recognition of future tax benefits and liabilities measured at enacted rates attributable to temporary differences between financial statement and income tax bases of assets and liabilities and to net tax operating loss carryforwards to the extent that realization of these benefits is more likely than not. The Company periodically evaluates the realizability of its net deferred tax assets. The Company's policy is to account for interest and penalties relating to income taxes, if any, in "income tax expense" in its consolidated statements of operations and include accrued interest and penalties within "accrued liabilities" in its consolidated balance sheets, if applicable. For the years ended December 31, 2020 and 2019, no income tax related interest or penalties were assessed or recorded.

Revenue Recognition and Deferred Revenue

The Company follows Accounting Standards Codification 606 (ASC 606). ASC 606 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASC also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer purchase orders, including significant judgments.

Revenues consist of warranty fees derived from extended warranties and manufacturer warranties on general consumer electronic goods, which include residential appliances, audio and visual equipment and small consumer handheld electronics. The extended warranties are sold wholesale to agents that resell them to direct retail outlets. Extended warranty revenue is recognized pro-rata over the applicable extended warranty period, ranging from one to five years. The extended warranty period begins at the end of the manufacturer's warranty period, which typically lasts one year. The manufacturer warranties are serviced by guaranteeing products to the consumer on behalf of the manufacturer.

Deferred revenue represents the amount of extended warranty fees received in excess of the portion recognized as revenue and it is included in current liabilities in the accompanying consolidated balance sheets.

For customers for which the Company is providing warranty coverage as if it were the manufacturer (standard warranties), revenue is recognized immediately. Concurrently, a warranty reserve liability equal to the estimated future claims is also recognized. There are no separate performance obligations.

Cost of Revenues

Cost of revenues includes claims and warranty expense. For extended warranties, claims expense is recognized as claims occur and is recognized in the period in which the claim originates. For manufacturer warranties, warranty expense is recognized at the beginning of the warranty period to establish a warranty reserve liability. Claims for manufacturer warranties reduce the warranty reserve liability.

Advertising

The Company charges the costs of advertising to expense as incurred. Advertising costs were \$2,144 and \$398 for the years ended December 31, 2020 and 2019, respectively.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock-Based Compensation Expense

Stock-based compensation expense is measured at the grant date fair value of the award and is expensed over the requisite service period. For stock-based awards to employees, non-employees and directors, the Company calculates the fair value of the award on the date of grant using the Black-Scholes option pricing model, which includes variables such as the expected volatility of the Company's share price, the exercise behavior of its grantees, interest rates, and dividend yields. These variables are projected based on the Company's historical data, experience, and other factors. In the case of awards with multiple vesting periods, the Company has elected to use the graded vesting attribution method, which recognizes compensation cost on a straight-line basis over each separately vesting portion of the award as if the award was, in substance, multiple awards.

Recent Accounting Pronouncements

In August 2020, the FASB issued ASU 2020-06, which simplifies the guidance on accounting for convertible debt instruments by removing the separation models for: (1) convertible debt with a cash conversion feature; and (2) convertible instruments with a beneficial conversion feature. As a result, the Company will not separately present in equity an embedded conversion feature in such debt. Instead, we will account for a convertible debt instrument wholly as debt, unless certain other conditions are met. We expect the elimination of these models will reduce reported interest expense and increase reported net income for the Company's convertible instruments falling under the scope of those models before the adoption of ASU 2020-06. Also, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share and the treasury stock method will be no longer available. The provisions of ASU 2020-06 are applicable for fiscal years beginning after December 15, 2021, with early adoption permitted no earlier than fiscal years beginning after December 15, 2020. The Company is currently evaluating the impact of ASU 2020-06 on its consolidated financial statements.

In August 2018, the FASB issued Accounting Standards Update ("ASU") 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement" ("ASU 2018-13"). ASU 2018-13 removes certain disclosure requirements, including the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, and the valuation processes for Level 3 fair value measurements. ASU 2018-13 also adds disclosure requirements, including changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements, and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The amendments on changes in unrealized gains and losses, and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. ASU 2018-13 became effective for the Company on January 1, 2020. The adoption of this update did not have a material impact on the Company's consolidated financial statements and related disclosures.

FASB Accounting Standards Updates ("ASU") 2017-04 (Topic 350), "Intangibles – Goodwill and Others" – Issued in January 2017, ASU 2017-04 simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. ASU 2017-04 became effective for the Company on January 1, 2020. The adoption of this update did not have a material impact on the Company's consolidated financial statements and related disclosures.

FASB ASU 2017-01 (Topic 805), "Business Combinations: Clarifying the Definition of a Business" – Issued in January 2017, ASU 2017-01 revises the definition of a business and provides new guidance in evaluating when a set of transferred assets and activities is a business. This guidance was effective for the Company in the first fiscal quarter of 2018. The adoption of this standard did not have a material impact on the Company's consolidated financial statements and related disclosures.

FASB ASU 2016-02, Leases (Topic 842) – ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize, in the statement of financial position, a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Public business entities should apply the amendments in ASU 2016-02 for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years (i.e. January 1, 2019, for a calendar year entity). Early application is permitted for all public business entities and all non-public business entities upon issuance. The adoption of this standard did not have a material impact on the Company's financial position and results of operations.

FASB ASU No. 2018-07 (Topic 718), "Compensation – Stock Compensation: Improvements to Nonemployee Share-Based Payment Accounting" – Issued in June 2018, ASU 2018-07 expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from non-employees. The amendments also clarify that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under Topic 606. The new standard became effective for the Company as of January 1, 2019. The adoption of this guidance did not have a material impact on the Company's consolidated financial condition or results of operations.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

There are other various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation are summarized in the table below:

	December 31,	
	2020	2019
Computer equipment	\$ 2,140	\$ -
Property and equipment, cost	2,140	-
Less: accumulated depreciation	(973)	-
Property and equipment, net	<u>\$ 1,167</u>	<u>\$ -</u>

Depreciation expense was \$973 and \$0 for the years ended December 31, 2020 and 2019, respectively.

NOTE 4 ACCRUED EXPENSES

Accrued expenses and other current liabilities are summarized in the table below:

	December 31,	
	2020	2019
Accrued payroll and related costs	\$ 7,895	\$ -
Accrued interest payable	4,102	-
Other	11,541	7,816
Accrued expenses	<u>\$ 23,538</u>	<u>\$ 7,816</u>

NOTE 5 COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of December 31, 2020, except as discussed below, there were no other pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our consolidated operations and there are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

NOTE 6 STOCKHOLDERS' DEFICIT

Preferred Stock

The Company is authorized to issue 25,000,000 shares of preferred stock , par value \$0.001 per share.

As of December 31, 2020 and 2019, there were 500,000 shares of Preferred Stock outstanding.

Common Stock

The Company is authorized to issue 200,000,000 shares of common stock, par value \$0.001 per share.

On July 1, 2019, the Company issued 81,082 common shares to an officer, having an aggregate fair value of \$120,000, for services rendered.

On November 3, 2020, the Company effected 7,400-for-1 reverse split of its common stock. All references to common shares and per-share data for all periods presented in this report have been retroactively adjusted to give effect to this reverse split.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 CONCENTRATIONS

Concentration of Revenues

For the years ended December 31, 2020 and 2019, one customer accounted for 95.7% and 90.9%, respectively, of the Company's net revenues.

Concentration of Accounts Receivable

One customer accounted for 98.3% and 98.9% of the Company's accounts receivable at December 31, 2020 and 2019, respectively.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Condensed Consolidated Balance Sheets as of March 31, 2021 and December 31, 2020	F-2
Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2021 and 2020	F-3
Condensed Consolidated Statements of Stockholders' Deficit for the Three Months Ended March 31, 2021 and 2020	F-4
Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2021 and 2020	F-5
Notes to Condensed Consolidated Financial Statements	F-6

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2021	December 31, 2020 (as Restated)
Assets		
Current assets:		
Cash	\$ 124,565	\$ 173,068
Accounts receivable	198,502	143,632
Prepaid expenses and other current assets	-	-
Total current assets	323,067	316,700
Property and equipment, net	1,637	1,816
Total assets	<u>\$ 324,704</u>	<u>\$ 318,516</u>
Liabilities and shareholders' deficit		
Current liabilities:		
Accounts payable	\$ 59,831	\$ 34,059
Accrued expenses	27,037	23,538
Deferred revenue	1,247,952	1,187,454
Warranty reserve liability	3,139	3,039
Total current liabilities	1,337,959	1,248,090
Notes payable	291,500	255,800
Total liabilities	1,629,459	1,503,890
Commitments and contingencies - See Note 6		
Stockholders' deficit:		
Preferred stock, par value \$0.001 per share; 25,000,000 shares authorized; 500,000 shares issued and outstanding	500	500
Common stock, par value \$0.001 per share; 200,000,000 shares authorized; 921,500 shares issued and outstanding	922	922
Additional paid-in capital	9,582,366	9,582,366
Accumulated deficit	(10,888,543)	(10,769,162)
Total stockholders' deficit	(1,304,755)	(1,185,374)
Total liabilities and stockholders' deficit	<u>\$ 324,704</u>	<u>\$ 318,516</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended March 31,	
	2021	2020
Net revenues	\$ 118,800	\$ 71,845
Claims and warranty expense	55,730	33,085
Gross profit	63,070	38,760
Operating expenses:		
General and administrative	180,052	69,171
Total operating expenses	180,052	69,171
Operating loss	(116,982)	(30,411)
Other income (expense), net	(2,399)	-
Loss before income taxes	(119,381)	(30,411)
Provision for income taxes	-	-
Net loss	<u>\$ (119,381)</u>	<u>\$ (30,411)</u>
Loss per share:		
Basic and diluted	<u>\$ (0.13)</u>	<u>\$ (0.03)</u>
Weighted average number of common and common equivalent shares outstanding:		
Basic and diluted	<u>921,500</u>	<u>921,500</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance - December 31, 2020 (as Restated)	500,000	\$ 500	921,500	\$ 922	\$ 9,582,366	\$ (10,769,162)	\$ (1,185,374)
Net loss	-	-	-	-	-	(119,381)	(119,381)
Balance - March 31, 2021	<u>500,000</u>	<u>\$ 500</u>	<u>921,500</u>	<u>\$ 922</u>	<u>\$ 9,582,366</u>	<u>\$ (10,888,543)</u>	<u>\$ (1,304,755)</u>

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance - December 31, 2019	500,000	\$ 500	921,500	\$ 922	\$ 9,582,366	\$ (10,499,739)	\$ (915,951)
Net loss	-	-	-	-	-	(30,411)	(30,411)
Balance - March 31, 2020	<u>500,000</u>	<u>\$ 500</u>	<u>921,500</u>	<u>\$ 922</u>	<u>\$ 9,582,366</u>	<u>\$ (10,530,150)</u>	<u>\$ (946,362)</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31,	
	2021	2020
Cash Flows From Operating Activities:		
Net loss	\$ (119,381)	\$ (30,411)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	179	-
Interest	2,406	-
Changes in operating assets and liabilities:		
Accounts receivable	(54,870)	(31,296)
Prepaid expenses and other current assets	-	249
Accounts payable	23,366	(1,535)
Accrued expenses	3,499	(3,624)
Deferred revenue	60,498	54,091
Warranty reserve liability	100	141
Net cash used in operating activities	<u>(84,203)</u>	<u>(12,385)</u>
Cash Flows From Financing Activities:		
Proceeds from notes payable	35,700	-
Net cash provided by financing activities	<u>35,700</u>	<u>-</u>
Net decrease in cash during the period	(48,503)	(12,385)
Cash at beginning of the period	<u>173,068</u>	<u>15,700</u>
Cash at end of the period	<u><u>\$ 124,565</u></u>	<u><u>\$ 3,315</u></u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 1 NATURE OF OPERATIONS

Overview

MHHC Enterprises, Inc. (“MHHC” or the “Company”) offers Extended Service Contract (ESC’s) in over 1,000 retail locations and online as well. MHHC is a provider of help desk and warranty insurance administration services for a wide variety of industries and consumers. Additionally, our organization creates customized service programs for a variety of manufacturers and commercial construction industries such as heating, ventilating and air conditioning (HVAC). MHHC is a provider of call center "on-shoring" by creating jobs in the United States for professional phone representatives, including both sales and customer service employees. Our call center processes claims and service calls by skilled professionals that provide warranty support solutions for a variety of businesses. MHHC prides itself in offering troubleshooting solutions over the phone and developing processes to eliminate overhead costs of shipping and timely repairs on approved claims. The highly skilled staff at MHHC consistently provide mission-critical solutions and results that assist industries and manufacturers in driving down warranty support and repair costs for their organizations.

Basis of Presentation

The interim unaudited condensed financial statements included herein reflect all material adjustments (consisting of normal recurring adjustments and reclassifications and non-recurring adjustments) which, in the opinion of the Company’s management, are ordinary and necessary for a fair presentation of results for the interim periods. Certain information and footnote disclosures required under generally accepted accounting principles in the United States of America (“GAAP”) have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). The Company’s management believes the disclosures are adequate to make the information presented not misleading.

The condensed balance sheet information as of December 31, 2020 was derived from the Company’s annual financial statements for the year ended December 31, 2020 (“2020 Annual Report”), filed on March 31, 2021. These interim unaudited condensed financial statements should be read in conjunction with the 2020 Annual Report. The results of operations for the three months ended March 31, 2021 are not necessarily indicative of the results to be expected for the entire fiscal year or for any other period.

NOTE 2 ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates in the accompanying consolidated financial statements include the allowance for doubtful accounts, depreciable lives of property and equipment, valuation of loss contingencies, valuation of stock-based compensation and the valuation allowance of deferred tax assets. Actual results may differ from these estimates.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of MHHC Enterprises, Inc. and its wholly owned subsidiaries (MHHC Warranty and Services, Inc., MHHC Reinsurance, Inc. and ONBLi, Inc.). All significant intercompany transactions and balances have been eliminated in consolidation.

Fair Value of Financial Instruments

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Subtopic 825-10, “Financial Instruments” (“ASC 825-10”) requires disclosure of the fair value of certain financial instruments. The estimated fair value of certain financial instruments, including cash, accounts payable and accrued liabilities are carried at historical cost basis, which approximates their fair value because of the short-term maturity of these instruments. All other significant financial assets, financial

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

liabilities and equity instruments of the Company are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at March 31, 2021 and December 31, 2020. The Company maintains its cash in banks insured by the Federal Deposit Insurance Corporation in accounts that at times may be in excess of the federally insured limit of \$250,000 per bank. At March 31, 2021 and December 31, 2020, the uninsured balances amounted to \$0.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consists of unsecured trade accounts with customers. The Company monitors outstanding receivables based on factors surrounding the credit risk of specific customers, historical trends, and other information. The allowance for doubtful accounts is estimated based on an assessment of the Company's ability to collect on customer accounts receivable. There is judgment involved with estimating the allowance for doubtful accounts, and if the financial condition of the Company's customers were to deteriorate, resulting in their inability to make the required payments, the Company may be required to record additional allowances or charges against revenues. The Company has not historically experienced significant credit or collection problems with its customers. At March 31, 2021 and December 31, 2020, no allowance for doubtful accounts relating to the Company's accounts receivable was deemed necessary.

Property and Equipment

Property and equipment consists of computer equipment and is recorded at cost. Repairs and maintenance costs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. The estimated useful life for computer equipment is three years.

Long-Lived Assets

The Company reviews its property and equipment and any identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The test for impairment is required to be performed by management at least annually. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted operating cash flow expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. Intangible assets are stated at cost and reviewed annually to examine any impairments, usually assuming an estimated useful life of three to five years. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings.

Income Taxes

The Company accounts for its income taxes in accordance with accounting principles generally accepted in the United States of America. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse and are considered immaterial.

Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

The Company's policy is to account for interest and penalties relating to income taxes, if any, in "income tax expense" in its consolidated statements of operations and include accrued interest and penalties within "accrued liabilities" in its consolidated balance sheets, if applicable. During the periods presented, no income tax related interest or penalties were assessed or recorded.

Revenue Recognition and Deferred Revenue

The Company recognizes revenue in accordance with Accounting Standards Codification 606, "Revenue from Contracts with Customers" ("ASC 606"). ASC 606 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASC also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer purchase orders, including significant judgments.

Revenues consist of warranty fees derived from extended warranties and manufacturer warranties on general consumer electronic goods, which include residential appliances, audio and visual equipment and small consumer handheld electronics. The extended warranties are sold wholesale to agents that resell them to direct retail outlets. Extended warranty revenue is recognized pro-rata over the applicable extended warranty period, ranging from one to five years. The extended warranty period begins at the end of the manufacturer's warranty period, which typically lasts one year. The manufacturer warranties are serviced by guaranteeing products to the consumer on behalf of the manufacturer.

Deferred revenue represents the amount of extended warranty fees received in excess of the portion recognized as revenue and it is included in current liabilities in the accompanying consolidated balance sheets.

For customers for which the Company is providing warranty coverage as if it were the manufacturer (standard warranties), revenue is recognized immediately. Concurrently, a warranty reserve liability equal to the estimated future claims is also recognized. There are no separate performance obligations.

Cost of Revenues

Cost of revenues includes claims and warranty expense. For extended warranties, claims expense is recognized as claims occur and is recognized in the period in which the claim originates. For manufacturer warranties, warranty expense is recognized at the beginning of the warranty period to establish a warranty reserve liability. Claims for manufacturer warranties reduce the warranty reserve liability.

Advertising

The Company charges the costs of advertising to expense as incurred. Advertising costs were \$750 and \$598 for the three months ended March 31, 2021 and 2020, respectively.

Stock-Based Compensation Expense

Stock-based compensation expense is measured at the grant date fair value of the award and is expensed over the requisite service period. For stock-based awards to employees, non-employees and directors, the Company calculates the fair value of the award on the date of grant using the Black-Scholes option pricing model, which includes variables such as the expected volatility of the Company's share price, the exercise behavior of its grantees, interest rates, and dividend yields. These variables are projected based on the Company's historical data, experience, and other factors. In the case of awards with multiple vesting periods, the Company has elected to use the graded vesting attribution method, which recognizes compensation cost on a straight-line basis over each separately vesting portion of the award as if the award was, in substance, multiple awards.

Recent Accounting Pronouncements

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

In August 2020, the FASB issued ASU 2020-06, which simplifies the guidance on accounting for convertible debt instruments by removing the separation models for: (1) convertible debt with a cash conversion feature; and (2) convertible instruments with a beneficial conversion feature. As a result, the Company will not separately present in equity an embedded conversion feature in such debt. Instead, we will account for a convertible debt instrument wholly as debt, unless certain other conditions are met. We expect the elimination of these models will reduce reported interest expense and increase reported net income for the Company's convertible instruments falling under the scope of those models before the adoption of ASU 2020-06. Also, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share and the treasury stock method will be no longer available. The provisions of ASU 2020-06 are applicable for fiscal years beginning after December 15, 2021, with early adoption permitted no earlier than fiscal years beginning after December 15, 2020. The Company is currently evaluating the impact of ASU 2020-06 on its consolidated financial statements.

In August 2018, the FASB issued Accounting Standards Update ("ASU") 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement" ("ASU 2018-13"). ASU 2018-13 removes certain disclosure requirements, including the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, and the valuation processes for Level 3 fair value measurements. ASU 2018-13 also adds disclosure requirements, including changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements, and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The amendments on changes in unrealized gains and losses, and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. ASU 2018-13 became effective for the Company on January 1, 2020. The adoption of this update did not have a material impact on the Company's consolidated financial statements and related disclosures.

FASB Accounting Standards Updates ("ASU") 2017-04 (Topic 350), "Intangibles – Goodwill and Others" – Issued in January 2017, ASU 2017-04 simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. ASU 2017-04 became effective for the Company on January 1, 2020. The adoption of this update did not have a material impact on the Company's consolidated financial statements and related disclosures.

There are other various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation are summarized in the table below:

	March 31, 2021	December 31, 2020
Computer equipment	\$ 2,140	\$ 2,140
Property and equipment, cost	2,140	2,140
Less: accumulated depreciation	(503)	(324)
Property and equipment, net	<u>\$ 1,637</u>	<u>\$ 1,816</u>

Depreciation expense was \$179 and \$0 for the three months ended March 31, 2021 and 2020, respectively.

NOTE 4 ACCRUED EXPENSES

Accrued expenses and other current liabilities are summarized in the table below:

MHHC ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

	March 31, 2021	December 31, 2020
Accrued payroll and related costs	\$ 9,734	\$ 7,895
Accrued interest payable	6,508	4,102
Other	10,795	11,541
Accrued expenses	<u>\$ 27,037</u>	<u>\$ 23,538</u>

NOTE 5 NOTES PAYABLE

On February 17, 2021, the Company received proceeds of \$35,700 from a PPP note. The note has a maturity date of February 17, 2026 and bears 1% interest per annum. As of March 31, 2021, the Company owed \$35,700 in principal and \$41 in accrued interest on this note.

As of March 31, 2021 and December 31, 2020, the remaining carrying value of notes payable was \$291,500 and \$255,800, respectively. As of March 31, 2021 and December 31, 2020, accrued interest payable of \$6,508 and \$4,102, respectively, was outstanding on the notes.

NOTE 6 COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of March 31, 2021, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our consolidated operations and there are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

NOTE 6 STOCKHOLDERS' DEFICIT

Preferred Stock

The Company is authorized to issue 25,000,000 shares of preferred stock, par value \$0.001 per share.

As of March 31, 2021 and December 31, 2020, there were 500,000 shares of Preferred Stock outstanding.

Common Stock

The Company is authorized to issue 200,000,000 shares of common stock, par value \$0.001 per share.

NOTE 7 CONCENTRATIONS

Concentration of Revenues

During the three months ended March 31, 2021 and 2020, one customer accounted for 98.3% and 96.1%, respectively, of the Company's net revenues.

Concentration of Accounts Receivable

At March 31, 2021 and December 31, 2020, one customer accounted for 99.5% and 98.3%, respectively, of the Company's accounts receivable.