

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Hannover House, Inc.

1621 Central Avenue, Cheyenne, WY 82001

818-481-5277

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Eric@HannoverHouse.com

SIC Codes: 7822 / 2731

Quarterly Report For the Period Ending: September 30, 2021 (the "Reporting Period")

As of September 30, 2021, the current reporting period, the number of shares outstanding of our Common Stock was:

868,773,746

As of June 30, 2021, the prior reporting period end date, the number of shares outstanding of our Common Stock was:

831,429,996

As of December 31, 2020, the most recent completed Fiscal Year End Date, the number of shares outstanding of our Common Stock was:

811,029,996

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 Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

¹ "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.

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

The Public Company was originally incorporated in 1999 as ECKLAN CORPORTION and has endured several name changes since that date as described below. The privately held company (Truman Press, Inc., dba "Hannover House") that is now the operating entity, was incorporated in 1993 and merged into the Public Company in December, 2009.

Hannover House, Inc.

Ticker Symbol: HHSE

Hannover House, Inc. - Predecessor Entity Details

Entity Name	Active From	Active Until
Ecklan Corporation	12/30/1999	3/5/2001
Mindset Interactive, Inc.	3/5/2001	8/15/2005
Target Development Group, Inc.	8/15/2005	12/15/2009
Truman Press, Inc./Hannover House	9/15/1993	12/15/2009
TDGI / Hannover House, Inc.	12/15/2009	CURRENT

The Target Development Group, Inc. / Publicly-traded company was incorporated on January 29, 2009 in **Wyoming**; the predecessor privately-held company (Truman Press, Inc.) was originally incorporated in California on Sept. 15, 1993. Hannover House, Inc. is listed by the Wyoming Secretary of State as being an Active Corporation in **Good Standing**.

There have been no trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception.

The company has not implemented any stock split, stock dividend, recapitalization, merger, acquisition, spin-off or reorganization within the past 12 months or which is presently anticipated.

Although registered in Wyoming, as an accommodation and convenience for the company's CEO, the issuer's principal executive office is located at: 355 N. College Ave., Suite 4, Fayetteville, AR 72701.

The issuer's principal place of business is: 1621 Central Ave., Cheyenne, WY 82001

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

Yes: ☐ No: ☒

2) Security Information

Trading symbol: HHSE
Exact title and class of securities outstanding: Common Stock Shares
CUSIP: 410686 101
Par or stated value: \$.001

Total shares authorized: 980,000,000 as of: September 30, 2021
Total shares outstanding: 868,773,746 as of: September 30, 2021
Number of shares in the Public Float²: 734,042,844 as of: September 30, 2021
Total number of shareholders of record: 227 as of date: September 30, 2021
(2,288 shareholders when breaking out from brokerages)

²"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.

Additional class of securities (if any):

Trading symbol: HHSE
Exact title and class of securities outstanding: Series "A" Preferred Shares
CUSIP: 410686 101
Par or stated value: \$.001
Total shares authorized: 10,000,000 as of date: Dec. 31, 2020
Total shares outstanding: 8,000,000 as of date: September 30, 2021

Transfer Agent

Name: Standard Registrar & Transfer Co., Inc.
Phone: 801-571-8844
Email: Amy@StandardRegistrar.com
Address: 440 East 400 South, Suite 200, Salt Lake City, UT 84111

Is the Transfer Agent registered under the Exchange Act?³ Yes: ☒ No: ☐

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

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>12-31-2019</u> Common: <u>811,529,996</u> Preferred: <u>4,000,000</u>									
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 issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
Jan. 28, 2020	New Issuance	3,200,000	Common	\$17,600	YES	Greg Sevdagian	Financial Consulting and Investor Advisory Services (2018-2019)	Restricted	HHSE common stock shares are not currently registered

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

Feb. 6, 2020	New Issuance	10,600,000	Common	\$58,300	YES	Chee Yoke Lee	Conversion of eligible, non-affiliate aged debt	Unrestricted	HHSE common stock shares are not currently registered
Mar. 30, 2020	New Issuance	6,100,000	Common	\$33,550	YES	Chee Yoke Lee	Conversion of eligible, non-affiliate aged debt	Unrestricted	HHSE common stock shares are not currently registered
Dec. 28, 2020	Removal of Rule 144 Sale Restriction	1,000,000	Common	\$15,900	NO	George B. Morton, Esq.	Reissuance of prior shares paid under legal consultation.	Unrestricted	HHSE common stock shares are not currently registered
Mar. 16, 2021	Return of Collateral Shares to Treasury	<500,000>	Common	\$6,500	NO	Martin Langert	Return of stock certificate issued as collateral	Restricted	Shares issued as corp. loan collateral returned
July 30, 2021	New Issuance	19,000,000	Common	\$416,100	NO	Getting Grace, LLC, Daniel Roebuck Managing Partner	Settlement Agreement re: Prior Legal dispute	Restricted	HHSE common stock shares are not currently registered
July 30, 2021	New Issuance	7,500,000	Common	\$164,250	NO	Eric Parkinson (Officer)	Conversion of officer loans to restricted shares	Restricted	HHSE common stock shares are not currently registered
July 30, 2021	New Issuance	3,000,000	Common	\$65,700	NO	Sentient Asset Management Trust (Jon Cheng, Mgr)	Shares Issued per Production and MyFlix financing	Restricted	HHSE common stock shares are not currently registered
July 30, 2021	New Issuance	1,500,000	Common	\$32,850	NO	Suzanne Holmquist	Shares Issued per Production and MyFlix financing	Restricted	HHSE common stock shares are not currently registered
July 30, 2021	New Issuance	1,000,000	Common	\$21,900	NO	Christian K. Large (Board Advisory Sign-On Shares)	Shares issued for Board Advisors	Restricted	HHSE common stock shares are not currently registered
July 30, 2021	New Issuance	1,000,000	Common	\$21,900	NO	Kyle Martens (Board Advisory Sign-On Shares)	Shares issued for Board Advisors	Restricted	HHSE common stock shares are not currently registered
July 30, 2021	New Issuance	1,000,000	Common	\$21,900	NO	Steven M. Kay (Board Advisory Sign-On Shares)	Shares issued for Board Advisors	Restricted	HHSE common stock shares are not currently registered

Aug. 27, 2021	New Issuance	3,343,750	Common	\$60,187	NO	Morten Stisen	Shares Issued per Production and MyFlix financing	Restricted	HHSE common stock shares are not currently registered
Shares Outstanding on Date of This Report: <u>Ending Balance:</u> Date Common: 868,773,746 June 30, 2021 Preferred: 8,000,000									

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe any issuance of promissory notes, convertible notes or convertible debentures.

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

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.)
Aug. 1, 2010	\$127,706	\$100,000	\$126,429	Aug. 1, 2011	50% discount to market price based on 10-day VWAP	Jo Lynn Anderson	Theatrical Releasing for "Twelve"
Aug. 1, 2010	\$127,706	\$100,000	\$126,429	Aug. 1, 2011	50% discount to market price based on 10-day VWAP	Dennis Anderson	Theatrical Releasing for "Twelve"
Aug. 10, 2012	\$77,500	\$50,000	\$27,500	Aug. 10, 2013	50% discount to market price based on 10-day VWAP	Sue Bartholomew, Southwinds Homes	"Toys in the Attic" Star Cast Funding
Sept. 14, 2012	\$155,000	\$100,000	\$55,000	Sept. 14, 2013	50% discount to market price based on 10-day VWAP	Sue Bartholomew, Southwinds Homes	General O/H and "Toys in the Attic" Prod.
Apr. 15, 2017	\$158,471	\$130,000	\$28,471	Apr. 15, 2018	50% discount to market price based on 10-day VWAP	Genautica, LLC	Legal Fees & Settlement re: TCA
Oct. 13, 2018	\$12,849	\$11,628	\$1,221	Oct. 13, 2019	50% discount to market price based on 10-day VWAP	Daniel Roebuck	DVD Replication Loan
Nov. 18, 2019	\$57,887	\$55,000	\$2,887	Nov. 18, 2020	50% discount to market price based on 10-day VWAP	Graham Financial Services, Inc. / Paul Graham, Pres.	General O/H, Audit and Legal Fees
Nov. 28, 2019	\$16,003	\$15,443	\$560	Nov. 28, 2020	50% discount to market price based on 10-day VWAP	Graham Financial Services, Inc. / Paul Graham, Pres.	General O/H, Audit and Legal Fees
Nov. 28, 2019	\$33,048	\$31,400	\$1,648	Nov. 28, 2020	50% discount to market price based on 10-day VWAP	Graham Financial Services, Inc. / Paul Graham, Pres.	General O/H, Audit and Legal Fees
June 30, 2019	\$15,629	\$14,850	\$1,559	June 30, 2020	No conversion formula specified due to note holder affiliate status	Eric F. Parkinson	Legal Fees, Overhead, Audit costs
Nov. 20, 2020	\$25,729	\$25,729	\$151	Nov. 20, 2021	No conversion formula specified due to note holder affiliate status; funds received during 2020	Eric F. Parkinson	Legal Fees, Overhead, Audit costs

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)⁴:

Name: Eric Parkinson (Chairman, CEO, SECY)
Title: Chairman, CEO & SECY / President
Relationship to Issuer: Officer / Director

5) Issuer's Business, Products and Services

Company is a media production and distribution enterprise, involved in book publishing, feature film and video production, and distribution of feature films and videos through various media platforms and territories worldwide.

Wholly-owned subsidiaries are Medallion Releasing, Inc. (for handling non-Hannover House producer clients), Vodwiz, Inc. and Bookworks, Inc., a special purpose entity utilized for signatory purposes with the Screen Actors Guild. Both Medallion Releasing, Inc., Vodwiz, Inc. and Bookworks, Inc. are Arkansas domiciled corporations. Income, assets and costs (if any) from these three subsidiaries are incorporated into the Company's consolidated financial statements.

Company publishes fiction and non-fiction books; Company's media distribution includes the release of films to theatres, home video, digital streaming formats, television outlets and international licensors. Company is working with MyFlix, LLC for the development and launch of a new digital streaming site to be named "MyFlix." The business model for MyFlix is to consolidate feature films and television series programming owned by a wide range of studios and content owners, into a single destination digital streaming site. The revenue model for MyFlix will be to pay third-party streaming and billing costs off the top and divide remaining revenues on a fifty-fifty basis between the program suppliers and with MyFlix. Consumers visiting the MyFlix website (*or accessing the service through mobile APPS or over-the-top devices such as Roku, AppleTV or hardware installed APPS*) can purchase movies or TV episodes on a "*per transaction basis*" (ala Amazon) or alternatively, can open a monthly subscription with MyFlix for unlimited access to approximately half of the programming otherwise available for per-transaction access. As of the date of this filing, forty-three program suppliers, collectively representing over 12,000 titles, had agreed to participate in the MyFlix service, which would position the site as number two only to Amazon in terms of total programming. The growth of digital streaming services has created both a boom and bust in the independent film sectors. Consumers are less likely now to purchase DVDs of unknown movies knowing that the same ten-dollar cost could cover a month's subscription to a service such as Netflix with over 1,000 titles at any given time. As other studios scramble to open "studio specific" streaming services, Hannover House believes that the MyFlix model is more like the successful Walmart retail strategy of offering a wider selection of programming at everyday low prices. Hannover House has an option to purchase MyFlix subject to the achievement of obtainable corporate benchmarks which include the filing of the Form 10 Registration and the resolution or dismissal of four foreign judgments for which the Company has meritorious defenses and legal strategies to oppose.

6) Issuer's Facilities

As of the date of this filing, the Company does not hold a direct lease on offices; however, as a trade-out for marketing services with MyFlix, Company has been granted occupancy of offices at 355 N. College Ave., Suite N, Fayetteville, AR, 72701, consisting of approx. 1,380 square feet, including four executive offices, a conference room, two bathrooms and a kitchen. For purposes of accounting and revenue and expense recognition, Company is accruing costs of \$2,050 per month for office space value, and matching this sum

⁴ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

with a ledger entry for marketing services. The principal assets for the company are the intellectual property rights granted to the company through distribution licenses or sales agency agreements, none of which are transferrable under the terms of the agreements. The granting of sales rights to film and television programs is very specialized and dependent upon the quality of long-standing relationships between the company as seller, and the outlets (which for HHSE products range from USA based retail stores, to digital streaming platforms, television broadcasters and international licensors). As of the applicable filing period of this report, the company has approximately 17,036 units of DVD and BluRay inventory stored at Technicolor Labs in Memphis, TN, plus approximately 2,896 units of DVD and BluRay inventory at the company's principal offices. Inventory of viable book products is 1,466 units, held in the Arkansas Warehouse. Equipment, fixtures, DVD and BluRay replication equipment, and motion picture related support equipment is held at the company's principal offices, along with standard office furnishings, desktop computers and fixtures customarily needed for a staff of ten persons. Most of the equipment, fixtures and other gear are aged at greater than ten years, and as a result, the Company has elected to significantly reduce the valuation of these items by increasing the reserve for depreciation as of this reporting period.

7) Officers, Directors, and Control Persons

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
Eric Parkinson	Officer / Director	Fayetteville, AR	50,641,649	Common Stock	5.82%	Rule 144 Restrictions
Eric Parkinson	Officer / Director	Fayetteville, AR	6,400,000	Series "A" Preferred	100% *	1000-to-1 Voting Value; 100-to-1 conversion

* **Notes to Officer, Directors, and Control Persons – stock ownership** – during the prior reporting period, the Company accepted the resignation of D. Frederick Shefte as President. Until such time that a replacement President can be engaged, Company CEO Eric Parkinson will assume the duties as President, in addition to his existing duties as CEO and Secretary. Shefte is required to surrender his "Preferred" (voting) shares upon his resignation or termination from the business, per corporate by-laws. As of the date of this report, Shefte had 1,600,000 Preferred shares.

8) Legal/Disciplinary History

A. Please identify whether any of the persons 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);

Not Applicable

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;

Not Applicable

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

Response: On October 8, 2019, Company was advised of an order from the Arkansas Securities Commission regarding their concerns regarding the issuance of a convertible debt instrument to JSJ Investments, Inc. in 2014, which transaction was not registered with the Arkansas Securities Commission. Company was ordered to not issue any convertible debt instruments from within the State of Arkansas if such instruments are not registered within the State of Arkansas Securities Commission. Although the Arkansas letter purported to cite a violation, Company was not at that time, nor ever since, found to have actually violated any such State securities rules, and a response call to the Arkansas Securities Department resulted in their confirmation that the incident cited in the letter did not involve Arkansas entities and therefore Arkansas jurisdiction. The company is seeking to have the claims made in this letter removed and expunged as erroneous. The initial step of the appeal process occurred in late November 2019, at which time, a representative of the Arkansas Dept. of Securities again concurred that the transaction in question was from an out-of-state issuer and was not with an Arkansas resident or Arkansas entity, and therefore not subject to Arkansas Laws. A December 2020 zoom call was rescheduled to accommodate counsel's availability. There will be an additional appeal process hearing at such time that the COVID-19 pandemic shut-down of courthouses and non-essential hearings has been lifted. Based upon prior calls with the Arkansas Securities Commission and with appropriate counsel, Company will present the appropriate evidence at this upcoming hearing that Company's counsel believes should result in a dismissal and expungement of the Arkansas C&D order. As of the filing of this annual report, the next opportunity to review and dismiss the C&D order will occur in a hearing to occur in Little Rock, AR in the coming weeks, at a date and time still awaiting final confirmation by both parties.

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.

Not Applicable

- 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.

During 2018, the Company neglected to defend selected producer disputes if such disputes were filed outside of the State of Arkansas (*in violation of the governing law and jurisdiction as prescribed in the representation agreements*). The rationale in not defending such court actions occurring outside of Arkansas is that sister-state judgment enforcement laws enable a foreign default judgment to be adjudicated in Arkansas if a meritorious basis exists. The business sector of independent film distribution is litigious across all major industry entities – due primarily to the difficulties of marketing independent films not conforming to expectations of the program suppliers. Accordingly, company has found itself the target of 17 lawsuits over a 25+ year span from program suppliers with false claims of monies owed. While this may seem to be a large number of disputes – the vast majority of which were adjudicated in favor of Hannover House – it represents what we believe to be the best track record in the industry (e.g., 3.7% of programs distributed by Hannover House have resulted in producer disputes, specifically 17 out of 454 titles handled). These disputes meet the standard of ordinary routine litigation incidental to the business, and therefore do not merit further detail.

As recommended by counsel, in order to mitigate any potential concerns that these defaults could impede the company's activities as a going concern, the three foreign (sister-state) default judgments of concern have each been addressed and responded to as of the date of this Q3 disclosure filing. The "Lewin New York Default" had been listed as a liability with a potential value in excess of \$2-million; however, this matter has now been settled, with a remaining payment obligation of \$250,000 within the next year (*the adjustment of the "reserve" previously listed on the company's balance sheet has resulted in a gain of over \$1.3-mm in shareholder equity as of this filing*); the UPTONE defamation claim has been addressed in California, as has the final matter, "Daisy Winters-Shuttlewoods" which is set for a Jan. 7, 2022 hearing. As of this filing date, HHSE Form 10 counsel is reviewing these three cases in order to update the registration opinion to reflect the meritorious actions of HHSE and the non-material impact of these cases.

9) Third Party Providers

Securities Counsel

Name: Morgan Petitti, Esq.
Firm: Petitti Law Firm
Address 1: 118 W. Streetsboro Road, # 117
Address 2: Hudson, OH, 44236
Phone: 330-697-8548
Email: Petittilaw@gmail.com

Accountant or Auditor *

As of this filing, the Company does not have a Tax Accounting firm. Under advisement, the PCAOB auditing firm will be disclosed upon filing of the Form 10 Registration.

Investor Relations Consultant

Company has elected to defer “promotion” of stock shares and traditional investor relations at this time; it is possible that after the Form 10 Registration has been filed, that resources will be expended to broaden awareness of the Company and its various activities.

Other Service Providers

Name: Steven H. Kay, Esq.
Firm: Steven Kay Law Firm
Nature of Services: Legal Representation
Address 1: 1875 Main Drive
Address 2: Fayetteville, AR 72704
Phone: 479-521-3334 / Email: Steven@Rockhouselaw.com

Name: Jonathan McCallum
Firm: Oleum Rain Studios
Nature of Services: Mastering & Graphic Design
Address 1: 854 N. Willow
Address 2: Fayetteville, AR 72701
Phone: 479-283-1687 / Email: JLMcCallum@aol.com

Name: James Carroll, Esq.
Firm: Carroll Law Firm
Nature of Services: Legal Representation
Address 1: 501 Elm Street, Suite 385
Address 2: Dallas, TX 75202
Phone: 214-760-7788
Email: James.Carroll@SBCGlobal.net

Name: Raymond Ragues
Firm: RAGUES LAW FIRM
Nature of Services: New York Litigation Representation
Address 1: 521 5th Avenue
Address 2: New York, NY 10175
Phone: 845-481-0086
Email: Ray@RaguesLaw.com

Name: Mike Justus
Firm: Just-Us Printers
Nature of Services: Printing of posters, brochures, video packaging
Address 1: 555 N. Old Missouri Road
Address 2: Springdale, AR 72764
Phone: 479-751-0385
Email: MJustus@Just-UsPrinters.com

Name: Andy Forman
Firm: New Century Media
Nature of Services: Manufacturing of DVD & BluRay Consumer Products
Address 1: 2727 Pellissier Place
Address 2: City of Industry, CA 90601
Phone: (562) 695-1000
Email: Andy@NewCenturyMediaUSA.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).

The certifications shall follow the format below:

I, Eric Parkinson, certify that:

1. I have reviewed this Quarterly Report for the three-months ending September 30, 2021 for the OTC Market Disclosure Compliance of Hannover House, 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.

November 15, 2021

/s/ ERIC PARKINSON, Chairman, CEO, President and Corporate Secretary

Principal Financial Officer:

I, Eric Parkinson certify that:

1. I have reviewed this Quarterly Report for the three-months ending September 30, 2021 for the OTC Market Disclosure Compliance of Hannover House, 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.

November 15, 2021

/s/ ERIC PARKINSON, Principal Financial Officer

HANNOVER HOUSE, INC. AND AFFILIATES AND SUBSIDIARIES
Financial Statements
September 30, 2021 (UNAUDITED)

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F-1 (OTC ITEM “4-C”)

**HANNOVER HOUSE, INC., AND AFFILIATES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**

	6/30/2021	9/30/2021
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	15,581	70,659
Accounts Receivable, Net	(1) 652,403	(1) 714,403
Prepaid Wages	-	-
Merchandise Inventory	100,704	100,704
Prepaid Advertising	765,000	765,000
Prepaid Producer Royalties	2,406,065	2,406,065
Producer Marketing Recoupment	2,944,307	2,944,307
Film Distribution Rights	1,996,379	1,996,379
Film Production Investments	469,389	469,389
Notes Receivable and Net Recoupment	(2) 62,042	(2) 184,827
TOTAL CURRENT ASSETS	9,411,870	9,651,733
PROPERTY & EQUIPMENT		
Office Furnishings, Equip. & Film Gear	154,725	154,725
Less Accumulated Depreciation	(3) (124,264)	(3) (134,264)
Vehicles	-	-
Less Accumulated Depreciation	-	-
Real Property	-	-
TOTAL PROPERTY & EQUIPMENT	30,461	20,461
OTHER ASSETS		
FILM & TV LIBRARY (incl. VODWIZ)*	(4) 27,413,517	(4) 27,413,517
TOTAL OTHER ASSETS	27,413,517	27,413,517
	36,855,848	37,085,711

ITEM F 1 – (OTC ITEM “4-C” continued)

LIABILITIES & SHAREHOLDER'S EQUITY		
	6/30/2021	9/30/2021
CURRENT LIABILITIES		
Accounts payable	54,351	55,710
Accrued Royalties	140,317	140,317
Acquisition Advances Due	13,000	13,000
Accrued Wages	122,182	122,182
Payroll Taxes Payable	-	-
Shuttlewood Investments	(5) 320,000	(5) 320,000
Interest on Shuttlewood Note	-	-
Graham Financial Services Note	98,422	82,000
Interest on Graham Note	1,080	-
All Other Notes Payable	(6) 624,227	(6) 914,177
Interest on Above Notes Payable	124,407	145,136
TOTAL CURRENT LIABILITIES	1,497,985	1,792,522
LONG-TERM LIABILITIES		
Long-Term Payables	1,341,949	1,341,949
Executive Salary Deferrals	766,415	766,415
Lewin Foreign Judgment	(7) 1,629,442	(7) 250,000
Contingent Legal Liabilities	-	-
Officer Notes Payable	103,494	103,494
TOTAL LONG-TERM LIABILITIES	3,841,300	2,461,858
TOTAL OF ALL LIABILITIES	5,339,285	4,254,380
SHAREHOLDER'S EQUITY		
Common Stock	28,143,754	29,465,720
Retained Earnings	3,372,809	3,365,611
TOTAL SHAREHOLDER'S EQUITY	31,516,563	32,831,331
	36,855,848	37,085,711

F2 (OTC ITEM “4-D”)

**CONSOLIDATED STATEMENT OF INCOME
FOR THE 3-MONTHS ENDING 9-30-2021**

	Q1 2021	Q2 2021	Q3 2021
REVENUES <i>(all media, fees & licenses)</i>	\$ 12,429	\$ 119,970	\$ 78,156
Net, Collected Revenues	12,429	23,470	16,156
Additional Invoiced Sales	\$ 62,150	\$ 96,500	\$ 62,000
<i>Reserve for Potential Returns</i>	-	-	-
ADJUSTED REVENUES FOR PERIOD	\$ 74,579	\$ 119,970	\$ 78,156
COST OF SALES			
Commissions	-	-	-
Sales, Marketing & Mastering	\$ 6,160	\$ 6,238	\$ 23,295
Video Mfg & Releasing Costs	-	-	-
Film & Book Royalties	\$ 2,405	\$ 2,920	\$ -
Freight	214	-	-
Other Expenses (Ads, PR, Publicity)	\$ -	\$ -	\$ 6,950
TOTAL COST OF SALES	\$ 8,779	\$ 9,158	\$ 30,245
GROSS PROFIT	\$ 65,800	\$ 110,812	\$ 47,911
GENERAL AND ADMINISTRATIVE EXP.	\$ 18,614	\$ 47,527	\$ 43,778
INCOME FROM OPERATIONS	\$ 47,187	\$ 63,285	\$ 4,133
INTEREST EXPENSES	\$ 9,348	\$ 9,348	\$ 11,331
OTHER EXPENSES (SALARY DEFERRALS)	\$ -	\$ -	\$ -
INCOME BEFORE TAXES	\$ 37,839	\$ 53,937	\$ (7,198)
PROVISION FOR INCOME TAXES	\$ -	\$ -	\$ -
NET INCOME	\$ 37,839	\$ 53,937	\$ (7,198)
RETAINED EARNINGS (Beginning of Period)	3,281,033	3,318,872	3,372,809
RETAINED EARNINGS (End of Period)	3,318,872	3,372,809	3,365,611

F3 (OTC ITEM “4-E”)

Hannover House, Inc.

Consolidated Statement of Cash Flow

For the Three-Month Period Ending September 30, 2021

	<u>9/30/2021</u>
Cash flows from operating activities	
Net Income	\$ (7,198)
Increase in Accounts Receivable	62,000
Decrease in Prepaid Expenses	-
Decrease in Other Current Assets	-
Increase in Notes Payable	329,873
Increase in Accounts Payable	<u>(5,650)</u>
Cash Provided By / Used in Operating Activities	\$ 379,025
Cash Flow from Investing Activities	<u>\$ -</u>
Cash Provided By / Used in Investing Activities	(323,947)
Cash Flow from Financing Activities	<u>\$</u>
Cash Provided by Financing Activities	\$ -
NET INCREASE IN CASH	\$ 55,078
BEGINNING CASH BALANCE	\$ 15,581
ENDING CASH BALANCE (9-30-2021)	\$ 70,659

F 4 (OTC ITEM “4-F”)

**STATEMENT OF SHAREHOLDERS EQUITY
FOR THE THREE-MONTH PERIOD ENDING 9-30-2021**

	Common Stock		Retained Earnings	Total
	Shares	Amount		
Balance at June 30, 2021	831,429,996	\$ 28,143,754	\$ 3,372,809	31,516,563
<i>Net Adjustments to Equity</i>	37,343,750		\$ (200)	\$ -
<i>Net Adjustments to Retained Earnings</i>			\$ -	\$ -
Net Income		(1) 1,321,966	\$ (7,198)	\$ 1,314,768
Balances at Sept. 30, 2021	868,773,746	29,465,720	3,365,411	32,831,331

(1) Adjustment reflects balance sheet adjustment to accommodate settlement amount in Lewin NY Matter.

F5

**GENERAL AND AMINISTRATIVE EXPENSES
FOR THE THREE-MONTH PERIOD ENDING 9-30-2021**

CATEGORY	3-Months Ending 3/31/2021	3-Months Ending 6/30/2021	3-Months Ending 9/30/2021
Auto	\$ -	\$ -	\$ -
Bank Charges	\$ 175.00	\$ 555.00	\$ 765.54
Consulting	\$ -	\$ -	\$ 4,500.00
Employees and Officers	\$ -	\$ -	\$ -
Entertainment	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -
Fees	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -
Labor	\$ 1,272.40	\$ -	\$ -
Legal and Accounting	\$ 9,427.50	\$ 28,365.00	\$ 9,500.00
Misc / Marketing & Promotions	\$ 204.88	\$ 6,238.00	\$ 6,950.00
Office & Storage	\$ 454.97	\$ 440.00	\$ 315.00
Rent	\$ 6,150.00	\$ 6,150.00	\$ 6,150.00
Taxes, Including Payroll Taxes	\$ 184.85	\$ -	\$ 361.84
Telephone	\$ 280.17	\$ 766.40	\$ 1,305.35
Travel	\$ -	\$ 4,833.00	\$ 23,295.00
Utilities & Internet	\$ 463.85	\$ 179.85	\$ 9,880.00
TOTAL OF GENERAL AND ADMINISTRATIVE EXPENSES	\$ 18,613.62	\$ 47,527.25	\$ 63,022.73

F 6 (OTC ITEM “4-G”)

NOTES TO FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDING 9-30-2021

The following notes refer to those items marked on Item F1 (consolidated balance sheets) as indicated with red note reference markers.

- (1) Accounts Receivable has been adjusted to include newly invoiced on-boarding & metadata services performed for MyFlix program suppliers. It is relevant to note that the majority of Accounts Receivable are for deferred on-boarding / mastering fees on MyFlix supplier titles, which must be earned-out from digital deliveries of titles in a first position priority payment. The other receivables, the majority of which are to Cinedigm (*as principal wholesaler to Walmart, Target & Best Buy*) are disputed by Cinedigm due to a claim of offset for marketing fees;
- (2) Notes Receivable includes additional loans of \$122,784 made by the Company to Snowy Morning, Inc. to assist with production costs for the film “WILDFIRE,” which loan is to be considered as a fully-recoupable advance against Snowy Morning’s share of theatrical revenues in the film. Company holds a lien against other revenue sources, in the event that the producer’s share of net theatrical revenues from “WILDFIRE” is not sufficient to fully repay the loan;
- (3) Company has taken an additional \$10,000 write-down for depreciation with respect to antiquated office computers, fixtures, equipment and film gear, including items no longer functioning or possessing little or no resale value due to changing technologies;
- (4) The Hannover House Film & Television Library report was conducted ten years ago, and may no longer accurately represent the realistic and anticipated revenues that each title in the library (approx. 476) will ultimately generate during the term of their sales agency representation by Hannover House. For instance, the DVD and BluRay video projections have not been realized over the past few years, whereas the sums previously projected for digital streaming have been exceeded in most cases. The company plans to conduct a new Library Valuation in 2021, funded with proceeds from the S1 offering in preparation. It is relevant to note that in the motion picture industry, a Film Library is not a physical or liquid asset, but is essentially an informed projection of the likely revenues that a particular title should generate from the applicable media represented by the sales agency. This form of “ultimate” valuation impacts the timeframe for the application of capitalized marketing costs, prepaid producer advances or recoupable marketing expenses, and may contribute to a lender’s analysis of a distributor’s likely ability to generate future revenues. Most of the titles in the Hannover House Film & Television Library are represented by the Company under sales agency agreements, which do not allow the sales rights to be sold, transferred or otherwise disposed of by Company or successors; a majority of the titles additionally include provisions allowing for the termination of sales rights in the event that Hannover House ceases to operate or that Eric Parkinson (as “key man”) ceases to perform his duties as principal executive of Hannover House. These are customary protections that independent producers usually require when engaging independent distributors for the representation of their title assets;
- (5) A prior agreement to forgive the Shuttlewoods Investments P&A loan for “Daisy Winters” (*upon HHSE’s performance of certain items*), may be in doubt as the counsel for Shuttlewoods has since reinstated actions to file a judgment. HHSE has filed with the Court in Orange County, California to set-aside this default judgment; however, upon advice of counsel, until the obligation is formally discharged or settled, the Company is reinstating this dispute as a potential liability;
- (6) During Q3, Company accepted at total of \$329,873 in new (short-term) notes from individual (non-affiliate) lenders, and made interest and principal payments totaling \$12,078 against these obligations. Proceeds were utilized primarily for accounting, filing, legal costs and the Lewin settlement, as well as for secured loans made towards the production and delivery of the “WILDFIRE” movie.
- (7) Lewin Foreign Judgment - Company has settled the Lewin foreign (NY) default and adjusted the balance sheet by \$1,321,966 to reflect the difference between the reserved amount and the final, reduced settlement amount.

NOTES TO GENERAL & ADMINISTRATIVE EXPENSES

- Increase in Legal and Accounting Costs are due to both auditing expenses as well as a significant acceleration in legal responses to remove fraudulent foreign default judgments entered against the company (*which occurred primarily during the 2018 period when former HHSE President Fred Shefte had been hospitalized*).
- Increase in expenses for Marketing, Promotions and Travel are primarily due to cost incurred with attendance and promotions at the Cannes Film Festival, a portion of which occurred in Q2, but the vast majority occurred during July (Q3). Due to a prior COVID-19 shut down of film industry events and markets such as Cannes, the company did not incur such promotional or travel costs in recent, prior reporting quarters.

NOTES REGARDING LEGAL SETTLEMENTS & RESOLUTIONS

- During Q2, Company settled the dispute with Getting Grace, LLC wherein Getting Grace had sought over \$600,000 against Company. The matter was mutually settled under confidential terms, with Hannover House retaining responsibility for its own legal fees.
- During Q2, Company engaged Southern-California-based counsel to dispute two default judgments that were obtained during the time that former President Shefte was hospitalized and therefore unable to respond in a timely manner. These legal responses have since been filed with the courts.
- As previously disclosed, during Q2, and as part of the full corporate audit process, Company obtained the detailed research documentation from Standard Registrar & Transfer Co., Inc., which evidences that former lender JSJ Investments had been fully paid via unrestricted HHSE stock shares per the terms of those note agreements, which stock share issuances occurred prior to their entry of a default judgment in Texas. Company is now working with Texas counsel to determine the recourse and options available to dismiss the JSJ judgment or to otherwise pursue actions against JSJ.