TITANIUM HOLDINGS GROUP, INC. & SUBSIDIARY
FINANCIAL STATEMENTS
As of and for the six months ended June 30, 2024
And Accountant's Compilation Report

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Titanium Holdings Group, Inc. and Subsidiary
San Antonio, TX

Management is responsible for the accompanying consolidated financial statements of Titanium Holdings Group, Inc. and Subsidiary which comprise the balance sheet as of June 30, 2024 and the related statements of operations, stockholders' equity, and cash flows for the six months then ended, and the related notes to the financials statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Pasternack & Company LLP
Lake Success, NY
July 31, 2024

TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
JUNE 30, 2024

ASSETS

Current assets	
Cash	$ 2,494,626
Accounts receivable, net of allowance for doubtful accounts of $14,071	260,482
Inventory	428,684
Right of use asset	194,585
Prepaid expenses and other current assets	65,770
Total current assets	3,444,147
Fixed assets-at cost less accumulated depreciation and amortization of $998,486	1,604,482
Other investments	228,580
Right of use asset	188,367
Goodwill	100,192
TOTAL ASSETS	$ 5,565,768

LIABILITIES & STOCKHOLDERS' EQUITY

Current Liabilities	
Accounts payable and accrued liabilities	$ 170,294
Notes payable-real estate	44,579
Lease liability	194,585
Income taxes payable	5,222
Total current liabilities	414,680
Long-term liabilities	
Lease liability	185,847
Notes payable-real estate	112,440
Total long-term liabilities	298,287
Commitments and Contingencies	
Redeemable preferred stock-$.001 par value; authorized 5,000,000 shares 70,000 shares of convertible stock designated as Series E stock- $2.50 stated value; issued and outstanding -0- shares	-
Total liabilities	712,967
Stockholders' equity	
Common stock-$.001 par value; authorized 20,000,000 shares; issued and outstanding 9,170,062	9,229
Additional paid-in capital	11,246,532
Accumulated deficit	(6,402,371)
Subtotal	4,853,390
Less: Treasury stock (58,935 shares of common stock at $.01 cost)	(589)
Total stockholders' equity	4,852,801
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,565,768

TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2024

Net Sales	$ 2,743,569
Cost of sales	2,123,431
Gross profit	620,138
Operating expenses:	
Salaries	463,670
Rent	27,788
Marketing	4,348
Professional fees	81,827
Utilities	9,322
Delivery and auto	13,086
Office expense	19,994
Payroll and other taxes	19,765
Repairs and maintenance	6,339
Insurance	12,774
Travel	3,922
Dues and subscriptions	13,729
Depreciation and amortization	36,578
Interest expense	5,930
Other	3,775
Total operating expenses	722,847
Operating loss	(102,709)
Other income	41,254
Loss before income tax expense	(61,455)
State income tax expense	5,000
Net loss attributable to common stockholders	$ (66,455)
Loss per share-basic and diluted	$ (0.0072)
Weighted average number of shares outstanding	9,170,062

TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2024

Cash flows from operating activities:	
Net loss	$ (66,455)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	36,578
Changes in assets and liabilities net of effects of dispositions:	
Decrease in accounts receivable	6,029
Decrease in prepaid expenses and taxes	50,457
Increase in inventories	(3,982)
Net change lease liability	(2,520)
Increase in accounts payable and accrued expenses	69,363
Total adjustments	155,925
Net cash provided by operating activities	89,470
Cash flows from investing activities:	
Purchase of property and equipment	(25,350)
Net cash used in investing activities	(25,350)
Cash flows from financing activities:	
Principal payments on notes payable	(21,149)
Net cash used in financing activities	(21,149)
Net increase in cash	42,971
Cash - beginning	2,451,655
Cash - ending	$ 2,494,626
Supplemental information:	
Cash paid during the period for:	
Interest	$ 5,930
Income taxes	$ 7,578

TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Common Stock Number of Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Stockholders' Equity
Balance at January 1, 2024:	9,170,062	$9,229	$ 11,246,532	$ (6,335,916)	$ (589)	$4,919,256
Comprehensive income:						
Net loss				(66,455)		(66,455)
Balance at June 30, 2024	9,170,062	$ 9,229	$ 11,246,532	$ (6,402,371)	$ (589)	$4,852,801

TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY

SELECTED INFORMATION-SUBSTANTIALLY ALL DISCLOSURES REQUIRED BY ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA ARE NOT INCLUDED

FOR THE SIX MONTHS ENDED JUNE 30, 2024

1. General

The accompanying financial statements, footnotes and discussions should be read in conjunction with the financial statements, related footnotes and discussions contained in the Company's Annual Report for the year ended December 31, 2023. The financial information contained herein is unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial information have been included. All adjustments are of a normal recurring nature.

The results of operations for the six months ended June 30, 2024, are not necessarily indicative of the results to be expected for the full year.

2. Principal Business Activity and Summary of Significant Accounting Policies

The accompanying consolidated financial statements include the accounts of Titanium Holdings Group, Inc. and its subsidiary (collectively the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

The principal business activity of the Company is manufacturing and the wholesale distribution of sanitary maintenance supplies and paper products.

Property and equipment are recorded at cost. Depreciation is provided for by the straight-line method over the estimated useful lives of the property and equipment.

Inventories consisting of raw materials, work in process and finished goods are valued at the lower of cost or market. Cost is determined using the first-in, first-out method.

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates by management. Actual results could differ from these estimates.

Earnings (loss) per share ("EPS") is computed by dividing net income or loss by the weighted-average number of common shares outstanding for the period. Both basic and diluted net income (loss) per share are the same, because the effect of the Company's outstanding warrants and options is anti-dilutive.

Uncertain tax positions - Management has evaluated the Company's tax positions and concluded that the Company has not taken any uncertain tax positions that require adjustment to the financial statements to comply with the provisions of Accounting Standards Codification 740. Generally, the Company is no longer subject to income tax examination by U.S. federal, state or local tax authorities for the years before 2021, which is the standard statute of limitations look-back period.

2. Principal Business Activity and Summary of Significant Accounting Policies- (continued)

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments and other short-term investments with an initial maturity of three months or less to be cash equivalent.

Management has evaluated subsequent events for inclusion or disclosure in the financial statements from June 30, 2024 through July 31, 2024, which is the date the financial statements were available to be issued. No events or transactions were identified during this period that required disclosure or recognition.

3. Investments

The Company classifies its existing marketable equity securities as available-for-sale in accordance with the provisions of Statement of Financial Accounting Standards, "Accounting for Certain Investments in Debt and Equity Securities." These securities are carried at fair market value, with unrealized holding gains and losses reported in stockholders' equity as a component of other comprehensive income or loss. Gains or losses on securities sold are based on the specific identification method. Other investments are made up of partnership interests primarily in real estate.

During February 2020, the Company, with Board approval, purchased an additional interest in a real estate Limited Liability Company ("LLC") that it had invested in previously. The "LLC" acquires existing properties to develop them with residential townhomes and condominiums as well as some office and commercial space. The total cost of this additional investment was $100,000. In June 2020, the Company was informed by the "LLC" that all interest payments to investors would be frozen until after the effects of the COVID-19 pandemic subsides and all financing of construction is in place. The following is an update directly from the "LLC" in December 2023 and July 2024. "We are actively advancing our project, POP Denver, located on Santa Fe Drive, in collaboration with our two existing lenders. After months of negations, our current construction lender has agreed to a significant transformation: converting our construction loan into an 18-24 month bridge loan, alongside an increased loan commitment from our second-tier lender. This strategic move is aimed at providing stability to the project during the critical lease-up phase.

Depending on the economic landscape towards the end of this period, one of two promising scenarios may unfold:

The first scenario envisions the initiation of a permanent loan. This path has the potential to not only yield a return of a portion of our investors' equity but also generate ongoing cash flow throughout its duration. The second potential outcome involves the sale of the asset, wherein investors would receive a complete return of their equity, along with profits. We anticipate finalizing these new aforementioned loans and stabilizing our debt within approximately 3 weeks.

3. Investments (continued)

It is crucial to bear in mind that these scenarios are contingent on future financial conditions, which, at this juncture, remain inherently uncertain and beyond precise prediction.
While we embark on this 18-24 month bridge loan journey, it's important to note that cash distributions to our investors will not be possible during this period. However, this strategic approach hopefully ensures the security of investors' equity and offers the prospect of cash flow or profits, contingent on market conditions at that time.

Presently, we have successfully leased approximately 61% of the building, This achievement reflects the ongoing interest in our property. Our leasing team has been working diligently to attract a diverse range of tenants, contributing to the building's vibrant atmosphere. We are actively meeting with commercial brokers to find the ideal tenant for the prominent storefront along Santa Fe Drive. This location offers excellent visibility and foot traffic, making it a prime spot for a high-profile business. We are committed to selecting a tenant who will enhance our community and complement the existing businesses. We are still on track to achieve 85% occupancy by the end of the year, which is a crucial target for us. Reaching this goal will be a significant milestone, demonstrating the effectiveness of our leasing strategy and the appeal of our property. Once we achieve 85% occupancy, we will be in a strong position to put the building up for sale. This milestone not only increases the building's market value but also makes it more attractive to potential buyers, as a higher occupancy rate indicates stable and reliable income.

POP Denver is steadily transforming into a vibrant community, with residents relishing the offerings of the Arts District and indulging in various Colorado adventures".

4. Contracts

During September 2021, the Compensation Committee and the independent members of the Board, unanimously voted to renew the employment contract of Randall K. Davis, CEO and President of the Company, and a consulting agreement with Mr. Steven Etra. Both new contracts are for 5-year terms.

5. Stockholders' Equity

The Chairman of the Board, Steven Etra, directly owns 4,611,293 shares of issued and outstanding common stock of the Company and indirectly controls an additional 842,318 of the shares. This total of 5,453,611 outstanding shares of common stock gives Mr. Etra control of approximately 59% of all outstanding, voting common stock issued. The Board of Directors, as a group, currently owns 6,012,519 shares, representing approximately 65% of all outstanding, voting common stock issued.

6. Loans Payable

Real Property

During March 2017, the Chairman of the Board, Steven Etra, instructed the CEO and President, Randall K. Davis, to contract with an independent firm to provide an appraisal of the building at 401 Main Street, in Kerrville, Texas. The Company has leased this building for one of its retail operations since the early 1990's. The property was owned as a joint venture by Charles H. Davis (father of Randall K. Davis) and Randall K. Davis. Mr. Etra wants to pursue a purchase of the property and to present the appraisal to the Board of Directors for discussion. On March 20, 2017 the Company engaged Stouffer & Associates to provide the appraisal. The Company received the appraisal on April 10, 2017 which amounted to $710,000. Subsequently, the Board discussed and unanimously approved the purchase of the property for $688,700. Mr. Randall K. Davis was not included in the discussions or the Board approval. The property was financed with a $300,000 cash down payment and two (2) notes issued to the sellers totaling $388,700, payable over 10 years with interest at 7% per annum. At June 30, 2024 the loan balance was $157,019.

7. Risks Relating to the Company

Post Pandemic

Primarily, as a result of the Covid-19 pandemic, not only are lead times extending out due to the high demand for goods, but this high demand is also driving up costs as demand outstrips the supply. There are many general market factors contributing to substantial cost increases, the most significant of which are increases in fuel cost, small parcel delivery carrier price increases, and rapid and significant increases in ocean freight costs. In addition to the general economic conditions, the Company's manufacturer partners are alerting the Company to industry specific challenges increasing their cost of components and final product. This inflation will impact all of product categories the Company carries and modes of transportation.

The Company has implemented mitigation strategies to offset costs as best they can. Based upon the information the Company has today, however, the Company does not believe they will be able to mitigate all cost increases due to their magnitude and impact across the multiple categories noted above. The Company intends to be proactive and transparent in communicating any significant price changes consistent with past practices.

Competition

The sanitary and janitorial supplies market is highly competitive and is served by numerous small, owner-operated private companies, public companies and several large regional and national companies. In addition, relatively few barriers prevent entry into the industry. As a result, any organization that has adequate financial resources and access to a minimum of technical cleaning expertise may become a competitor of the Company. Competition in the industry depends on a number of factors, including price. Certain of the Company's competitors may have lower overhead cost structures and may, therefore, be able to provide their products and services at lower rates than the Company can provide such products and services. Many of

7. Risks Relating to the Company-(continued)

these competitors have longstanding operations and longstanding relationships with large customers such as hospitals and governmental agencies. There can be no assurance that the Company's competitors will not be able to use their competitive advantages in competing in price, offering more extensive lines of products or more favorable payment terms or otherwise, resulting in material adverse effects on the business of the Company. In addition, many of the Company's competitors are larger and have greater resources than are available to the Company. The Company cannot be certain that its competitors will not develop the expertise, experience, and resources to provide products and services that are superior in both price and quality to the products and services of the Company. Similarly, the Company cannot be certain that it will be able to attain, maintain or enhance a competitive position in the market.

Government Regulation

Maintenance and distribution of many of the Company's products are subject to extensive regulation at the federal, state, and local levels. In particular, the Company is subject to regulations involving storage of hazardous materials promulgated by the Federal Environmental Protection Agency and the Occupational Safety and Health Act. As such, the Company's business is dependent upon continued compliance with governmental regulations regarding the operations of the Company's facilities. The Company believes that it is in substantial compliance with all such regulations that are applicable to its business. However, failure to maintain and demonstrate compliance with all such regulations could result in the preclusion of handling certain product lines and in mandated clean up expenditures.

Potential Exposure to Environmental Liabilities

The operations of the Company are subject to various environmental laws and regulations, including those dealing with the handling and disposal of waste products. As part of the cleaning and janitorial supplies manufacturing process, the Company may store and use some raw materials that are deemed to be hazardous materials and are closely regulated.

As a result of past and future operations, the Company may be required to incur environmental remediation costs and other clean-up expenses. In addition, the Company cannot be certain that it will be able to identify or be indemnified for all potential liabilities relating to any acquired business.

There can be no assurance that the aggregate amount of any environmental liabilities that might be asserted against the Company in any such proceeding will not be material.
The Company cannot predict the types of environmental laws or regulations that may from time to time be enacted in the future by federal, state, or local governments, how existing or future laws or regulations will be interpreted or enforced, or what types of environmental conditions may be found to exist at its facilities. The enactment of more stringent laws or regulations or a more strict interpretation of existing laws and regulations may require additional expenditures by the Company, some of which could be material.

7. Risks Relating to the Company-(continued)

Product Liability and Insurance

The business of the Company involves substantial product liability risks associated with the handling, storing, and usage of cleaning products. While the Company believes its practices and procedures provide safeguards that comply with industry standards, it is not possible to eliminate all risks in this regard. The Company maintains product liability insurance in amounts it believes are usual and customary for a business of its size in its industry, though there can be no assurance that the Company may not be held liable on a product liability claim for an amount substantially in excess of its insurance policy limits or not covered by insurance. If the Company were to incur product liability in excess of its insurance limits, it would have a material adverse impact on the Company's business and prospects.

Dependence on Key Personnel; Need For Additional Personnel

The success of the Company is substantially dependent on the performance of its senior management and key employees, as well as its Board. There can be no assurance that the Company will be able to locate and hire, and if hired, retain adequate additional management personnel. The Company has entered into an employment agreement with its Chief Executive Officer Randall K. Davis, upon terms and conditions the Company believes are reasonable and customary for companies its size in its industry. The loss of key personnel or the inability to hire and retain qualified executives and other employees could have a material adverse effect on the business, financial condition, and results of operations of the Company.

Control by Existing Stockholders (Management Control); No Cumulative Voting

At June 30, 2024, the Company's executive officers and directors and their affiliates (the "Insiders") beneficially owned approximately 6,012,519 shares of Common Stock, including derivative securities beneficially owned by them, representing approximately 65% of the aggregate outstanding shares of Common Stock. Further Mr. Steven Etra, Chairman of the Board, directly and indirectly controls 5,453,611 shares of Common Stock representing approximately 59% of the aggregate outstanding shares of Common Stock.

Holders of the Company's Common Stock are not entitled to accumulate their votes for the election of directors or otherwise. Accordingly, the Insiders will have significant influence on the election of the directors of the Company. The Board elects officers and effectively controls the day to day operations through control of the Company management.

Indemnification and Limitation of Liability

Under the Nevada Revised Statutes (the "Statutes"), the Company shall have the power to eliminate the personal liability of the directors and officers of the Company for monetary damages to the fullest extent possible under the Statutes or other applicable law. These provisions eliminate the liability of directors or officers to the Company and its stockholders for monetary damages arising out of any violation of a director of his fiduciary duty of due care.

7. Risks Relating to the Company-(continued)

Under the Statutes, the Company may, by a majority of its disinterested directors, shareholders, or, in some cases, by independent legal counsel, indemnify any officer or director against expenses actually and reasonably incurred, if such person acted in good faith in a manner reasonably believed to be in the best interests of the Company, and in the case of any criminal action or proceeding, if such person had no reasonable cause to believe his conduct was unlawful. The Company may indemnify any officer or director against expenses and amounts actually paid or incurred in settlement not exceeding, in the judgment of the Board, estimated expenses of litigation. Indemnification and/or advancement of expenses provided by the Statutes are not exclusive and the Company may make any further advancement or payment of expenses. However, no indemnification and/or advancement will be made to any officer or director if such person shall have been adjudged to be liable, unless, upon application and determination of the court that in view of the circumstances in the case, such person is fairly and reasonably entitled to indemnification.

The Commission has taken the position that indemnification of officers and directors for liability under the federal securities laws may be against public policy and, therefore, unenforceable.

8. Dividend Policy

The Company has never declared or paid any cash dividends on the Common Stock. The Company intends to retain any future earnings to fund growth and does not anticipate paying any cash dividends in the foreseeable future. Any future determination as to the Company's dividend policy will be made at the discretion of the Company's Board and will depend on a number of factors, including the Company's future earnings, capital requirements, financial condition and future prospects, restrictions on dividend payments pursuant to applicable law and such other factors as the Board may deem relevant.