

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

CARTEL BLUE, INC.

28202 Cabot Road, Suite 300

Laguna Niguel, CA 92677

310-955-0099

www.cartelcigars.com

philip@cartelcigars.com

SIC Code: 2300

Quarterly Report

For the period ending **Oct. 31, 2023** (the “Reporting Period”)

Outstanding Shares

The number of shares outstanding of our Common Stock was:

161,339,872 as of July 31, 2023

161,339,872 as of April 30, 2023

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 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:

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

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

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.

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.

The name of the Issuer is Cartel Blue, Inc. We were originally incorporated in Colorado in November 1995 as Alchemy Equities Ltd. On or about August 16, 2005, the Company merged with and into Southern Cosmetics, Inc., a Nevada corporation. In December 2007 our name was changed to Revenge Designs, Inc. On September 18, 2015, we changed our name to Cartel Blue, Inc. Our address is 2150 Palomar Airport Rd., Carlsbad, CA 92011.

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):

The name of the Issuer is Cartel Blue, Inc. We were originally incorporated in Colorado in November 1995 as Alchemy Equities Ltd. On or about August 16, 2005, the Company merged with and into Southern Cosmetics, Inc., a Nevada corporation. In December 2007 our name was changed to Revenge Designs, Inc. On September 18, 2015, we changed our name to Cartel Blue, Inc. We are presently in active status with the Nevada Secretary of State.

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

N/A

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

N/A

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

28202 Cabot Road, Suite 300

Laguna Niguel, CA 92677

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

Check 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?

No: Yes: If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: American Stock Transfer & Trust Co., LLC

Phone: 718-921-8200

Email: help@astfinancial.com

Address: 6201 15th Avenue
Brooklyn, NY 11219

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol: CRTL
Exact title and class of securities outstanding: Common Stock
CUSIP: 146094 107
Par or stated value: \$0.0001
Total shares authorized: 500,000,000 as of date: 10/31/2023
Total shares outstanding: 161,339,872 as of date: 10/31/2023
Total number of shareholders of record: 80 as of date :10/31/2023

All additional class(es) of publicly quoted or traded securities (if any): N/A

Trading symbol: _____
Exact title and class of securities outstanding: _____
CUSIP: _____
Par or stated value: _____
Total shares authorized: _____ as of date: _____
Total shares outstanding: _____ as of date: _____
Total number of shareholders of record: _____ as of date: _____

Trading symbol: _____
Exact title and class of securities outstanding: _____
CUSIP: _____
Par or stated value: _____
Total shares authorized: _____ as of date: _____
Total shares outstanding: _____ as of date: _____
Total number of shareholders of record: _____ as of date: _____

Other classes of authorized or outstanding equity securities:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

N/A

Exact title and class of the security: _____
CUSIP (if applicable): _____
Par or stated value: _____
Total shares authorized: _____ as of date: _____
Total shares outstanding (if applicable): _____ as of date: _____
Total number of shareholders of record (if applicable): _____ as of date: _____

Exact title and class of the security: _____
CUSIP (if applicable): _____
Par or stated value: _____
Total shares authorized: _____ as of date: _____
Total shares outstanding (if applicable): _____ as of date: _____

Total number of shareholders of record
(if applicable): _____ as of date: _____

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

Dividends payable at the discretion of the Board of Directors. Vote at 1 vote per 1 share held. No preemption rights.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

N/A

3. Describe any other material rights of common or preferred stockholders.

N/A

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

N/A

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any 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

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: (If yes, you must complete the table below)

| Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>1/31/2022</u> Common: 130,456,850 Preferred: -0- | | | *Right-click the rows below and select "Insert" to add rows as needed. | | | | | | |
|--|---|------------------|--|------------------------|---------------------------|---|--|----------------------------|--------------|
| Date of Transaction | Transaction type (e.g., new issuance, cancellation, | Number of Shares | Class of Securities | Value of shares issued | Were the shares issued at | Individual/ Entity Shares were issued to. | Reason for share issuance (e.g. for cash or debt | Restricted or Unrestricted | Exemption or |

| | shares returned to treasury) | Issued (or cancelled) | | (\$/per share) at Issuance | a discount to market price at the time of issuance? (Yes/No) | *You must disclose the control person(s) for any entities listed. | conversion) - OR- Nature of Services Provided | as of this filing. | Registration Type. |
|--|------------------------------|-----------------------|-------|----------------------------|--|---|---|--------------------|--------------------|
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Shares Outstanding on Date of This Report: | | | | | | | | | |
| | Ending | Balance | | | | | | | |
| <u>Ending Balance:</u> | Common: 161,339,872 | | | | | | | | |
| Date 7/31/2023 | Preferred: -0- | | | | | | | | |

Example: A company with a fiscal year end of December 31st, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.

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

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: Yes: (If yes, you must complete the table below)

| 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. *You must disclose the control person(s) for any entities listed. | Reason for Issuance (e.g. Loan, Services, etc.) |
|-----------------------|--------------------------|-----------------------------------|-----------------------|---------------|--|--|---|
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |

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

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. (Please ensure that these descriptions are updated on the Company's Profile on www.otcmarkets.com).

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

Cartel Blue, Inc. (f/k/a Revenge Designs, Inc.), (Ticker symbol CRTL) a Nevada corporation, is a Carlsbad, CA based Company that produces and sells hydroponic hemp cigars, manufactured in the USA, as well as branded cigar accessories. A growing group of Cartel lounges and the Company's subsidiary company, Distributol, Inc. (www.distributolgov.com), utilize distribution channels within California, where recreational sale and consumption of products containing THC is legal. In addition, Distributol will be distributing 0.3 government legal products online and in convenience stores. Now legal in all 50 States after an 85-year ban, the Company can now ship legal THC products to consumers' homes as permitted by the federal law enacted in the Agriculture Improvement Act of 2018 (2018 Farm Bill).

The Company has its hemp cigars hand-rolled in Ft. Lauderdale, Florida through Distributol, Inc., its wholly owned subsidiary which also markets the on-line sale of all of its products.

The Company also intends to be an eco-friendly apparel company that utilizes high quality fabrics as well as hemp and designs with contemporary and edgy marketing strategies in conjunction with popular and unique celebrities in the film, television, and music industries.

B. List any subsidiaries, parent company, or affiliated companies.

Distributol, Inc., a wholly owned subsidiary, is a manufacturer of hand-rolled hemp cigars and other hemp related products. Philip Moreb, the Company's CEO, serves as President and a director of Distributol, Inc. Distributol, Inc. also serves as the online sales entity for the Company's products.

C. Describe the issuers' principal products or services.

See 4(A), above.

5) 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 currently leases office space for its corporate headquarters located at 228202 Cabot Road, Suite 300

Laguna Niguel, CA 92677 The monthly rent is \$1,750.00.

6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuers securities, 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.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer. 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.

| Names of All Officers, Directors and Control Persons | Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%) | Residential Address (City / State Only) | Number of shares owned | Share type/class | Ownership Percentage of Class Outstanding | Names of control person(s) if a corporate entity |
|--|---|---|------------------------|------------------|---|--|
| Judge Phillip LaRocca, Ret. | <u>President.</u> <u>Treasurer.</u> <u>Director</u> | <u>Palm Desert, CA</u> | <u>-0-</u> | <u>common</u> | <u>-0-</u> | <u>N/A</u> |
| <u>Bridget Moreb</u> | <u>Secretary.</u> <u>Director</u> | <u>Rancho Mirage, CA</u> | <u>2,500,000</u> | <u>common</u> | <u>1.5</u> | <u>N/A</u> |
| <u>Philip Moreb</u> | <u>CEO, CFO.</u> <u>Director</u> | <u>Rancho Mirage, CA</u> | <u>75,000,000</u> | <u>common</u> | <u>46.4</u> | <u>See Note 1</u> |

Note 1: Philip Moreb acquired these shares from the Issuer's former sole officer and director, David Rhodes, pursuant to a Stock Sale Purchase Agreement dated September 6, 2019.

7) Legal/Disciplinary History

A. 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);

N/A

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;

N/A

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

N/A

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.

N/A

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.

N/A

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Midway Law Firm, APC
Marc Stephen Applbaum, Attorney-at-Law
Address 1: 4275 Executive Square, Suite 200
Address 2: La Jolla, CA 92037
Phone: 619-993-0288
Email: marc@midwaylawfirm.com

Accountant or Auditor

Name: N/A
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Investor Relations

Name: N/A
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

All other means of Investor Communication:

Twitter: @cartelscigars
Discord: _____
LinkedIn: _____
Facebook: cartelscigars
[Other] _____

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), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: N/A
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

9) Financial Statements

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

OTC Markets Group Inc.
OTC Pink Basic Disclosure Guidelines (v4.0 January 1, 2023)

- IFRS
 U.S. GAAP

B. The following financial statements were prepared by (name of individual)²:

Name: Philip Moreb
Title: CFO
Relationship to Issuer: CFO

Describe the qualifications of the person or persons who prepared the financial statements: Philip Moreb holds a Bachelor of Business (1986) from William Howard Taft University. He has over 25 years of professional experience in developing emerging startup companies in the competitive world of business development, product design and marketing. He has been a driving force in the continued growth of marketing technology where tomorrow's technology is often old and where continually changing design and products made specifically for marketing are a necessity in business everywhere. During this period, he also played an active role in the preparation of budgets, earnings reports, and financial statements for the businesses with which he was involved.

Provide the following financial statements 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.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

Important Notes:

- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- All financial statements for a fiscal period must be published together with the disclosure statement in one Annual or Quarterly Report.

² The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

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, Philip Moreb, certify that:

1. I have reviewed this Disclosure Statement for Cartel Blue, 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.

10/31/2023

/s/ Philip Moreb

Principal Financial Officer:

I, Philip Moreb, certify that:

1. I have reviewed this Disclosure Statement for Cartel Blue, 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.

10/31/2023

/s/ Philip Moreb

**CARTEL BLUE, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS**

| | 31-Jul -23 (Unaudited) | 31-Jan-23 (unaudited) |
|--|-----------------------------------|----------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | 17,877 | 20,081 |
| Inventory | 264,000 | 234,403 |
| Total Current Assets | 281,877 | 254,484 |
| Fixed Assets | | |
| Fixed Assets (Net) | 551,407 | 3,507 |
| Intangible Assets | 900,000 | 900,000 |
| Total Fixed Assets | 1,451,407 | 903,507 |
| Start up Costs Capitalized | 75,939 | 75,939 |
| TOTAL Assets | <u>\$1,809,223</u> | <u>\$1,223,930</u> |
| LIABILITIES AND STOCKHOLDER'S EQUITY | | |
| Current Liabilities | | |
| Loans from Officers | 16,377 | 16,377 |
| Accounts payable/Deposit on Sales Order | 49,225 | 196,900 |
| Notes payable | 0 | 0 |
| Total Current Liabilities | <u>\$ 65,602</u> | <u>213,277</u> |
| Long Term Liabilities | | |
| Loans from Shareholders | 293,826 | 293,826 |
| Loans from Non-Shareholders | 40,000 | 40,000 |
| TOTAL LIABILITIES | <u>399,428</u> | <u>547,103</u> |
| Stockholder's Equity | | |
| Preferred stock, 5,000,000 shares authorized and no shares issued \$0.001 par value | - | - |
| Common Stock, par value \$0.00001 500,000,000 authorized, 161,339,872 and 130,456,850 shares outstanding at July 31, 2023 and January 31, 2023, respectively | 1,305 | 1,305 |
| Additional Paid-In Capital | 4,276,903 | 4,276,903 |
| Accumulated Earnings (Deficit) | <u>(3,591,381)</u> | <u>(3,591,381)</u> |
| Total Stockholder's Equity | 1,409,795 | 686,827 |
| TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY | <u>\$ 1,809,223</u> | <u>\$ 1,233,930</u> |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

Cartel Blue, Inc. and Subsidiary
Consolidated Statement of Operations
(Unaudited)

| | For the 3 months ended | |
|--|-------------------------------|------------------|
| | 31-Jul-23 | 31-Jan-23 |
| Revenue, net | \$ 97,000 | \$ 159,246 |
| Cost of goods sold | 87,000 | 26,947 |
| Gross profit | \$ 10,000 | \$ 132,299 |
| Operating Expenses: | | |
| Depreciation expense | - | - |
| General and administrative expenses | \$ 18,500 | \$ 204,036 |
| Total Operating Expenses | \$ 18,500 | \$ 204,036 |
| Loss for Operations | \$ 7,877 | \$ (71,737) |
| Other Expense | | |
| Interest Expense | - | - |
| Total Other Expenses | - | - |
| Net loss | \$ 7,877 | \$ (71,737) |
| Net loss per share: | | |
| Basic | \$ (0.00) | \$ (0.00) |
| Diluted | \$ (0.00) | \$ (0.00) |
| Weighted average number of shares outstanding | | |
| Basic | 161,339,872 | 130,456,850 |
| Net | 161,339,872 | 130,456,850 |

The accompanying notes are an integral part of these unaudited consolidated financial statements

Cartel Blue, Inc. and Subsidiary
Consolidated Statement of
Cash Flows (Unaudited)

| | For the 3 months ended | |
|---|------------------------|------------------|
| | 31-Jul-2023 | 31-Jan-2023 |
| | (\$) | (\$) |
| Cash Flows from Operating Activities | | |
| Net Gain (loss) | 10,000 | (71,737) |
| Adjustments to reconcile net loss to net cash used in operating activities | 7,877 | (126,439) |
| Depreciation / Amortization | | |
| Issuance of shares as compensation | | - |
| (Increase) decrease in assets: | | |
| Prepaid expenses | | - |
| Inventory | 264,000 | 4,980 |
| Deposit on Sales Order | 44,000 | 196,900 |
| Increase/ (decrease) in current liabilities | | |
| Debt forgiveness | | |
| Accounts payable and accrued expenses | | |
| Payable to related party | | |
| Net Cash Provided from Operating Activities | \$ 17,877 | 3,704 |
| Cash Flows from Financing Activities | | |
| Proceeds from Sale of Debt Securities | | |
| Proceeds from Sale of Equity Securities | | |
| Proceeds from loan from non-shareholder | | 40,000 |
| Proceeds from loans from officers/shareholders | 16,377 | 32,406 |
| Net Cash Provided from Financing Activities | \$ 16,377 | \$ 72,406 |
| Cash Flows from Investing Activities | -0- | -0- |
| Net Cash Provided by Investing Activities | \$ -0- | \$ -0- |
| Cash Used for Start up Costs | -0- | (14,486) |
| Net Increase (Decrease) in Cash | \$ 17,877 | -0- |
| Cash - Beginning of Period | -0- | -0- |
| Cash - End of Period | \$ 17,877 | \$ -0- |

The accompanying notes are an integral part of these unaudited consolidated financial statements

Cartel Blue, Inc. and Subsidiary
Consolidated Statement of Stockholders' Equity
(Unaudited)

| | <u>Common Stock</u> | | <u>Additional</u> | <u>Total Accumulated</u> | <u>Stockholders'</u> |
|---|---------------------|-----------------|------------------------|--------------------------|----------------------|
| | <u>Shares</u> | <u>Amount</u> | <u>Paid in Capital</u> | <u>Deficit</u> | <u>Equity</u> |
| Balance January 31, 2016 | 120,530,422 | \$1,205 | 4,024,190 | (3,505,592) | \$519,803 |
| Issuance of shares | 271,428 | 3 | 15,800 | - | 15,803 |
| Reissuance of shares previously cancelled | 3,750,000 | 38 | (38) | - | - |
| Issuance of shares as compensation | 12,000,000 | 120 | 194,280 | - | 194,400 |
| Purchase of shares | (10,095,000) | (101) | (20,089) | - | (20,190) |
| Net loss for the year ended January 31, 2017 | <u>-</u> | <u>-</u> | <u>-</u> | <u>(461,794)</u> | <u>(461,794)</u> |
| Balance January 31, 2017 (Restated) | 126,456,850 | \$1,265 | \$4,214,143 | (3,967,386) | \$248,022 |
| Issuance of shares as compensation | 4,000,000 | 40 | 62,760 | - | 62,800 |
| Net Gain for the year ended January 31, 2018 | <u>-</u> | <u>-</u> | <u>-</u> | <u>593,413</u> | <u>593,413</u> |
| Balance January 31, 2018 | <u>130,456,850</u> | <u>\$1,305</u> | <u>4,276,903</u> | <u>(3,373,973)</u> | <u>\$904,235</u> |
| Balance January 31, 2019 | <u>130,456,850</u> | <u>\$1,305</u> | <u>4,276,903</u> | <u>(3,373,973)</u> | <u>\$904,235</u> |
| Balance January 31, 2020 | <u>130,456,850</u> | <u>\$1,305</u> | <u>4,276,903</u> | <u>(3,373,973)</u> | <u>\$904,235</u> |
| Balance January 31, 2021 | <u>130,456,850</u> | <u>\$1,305</u> | <u>\$4,276,903</u> | <u>(\$3,373,973)</u> | <u>\$904,235</u> |
| Net loss for year | | | | \$ (29,089) | \$ (29,089) |
| Balance January 31, 2022 | <u>130,456,850</u> | <u>\$ 1,305</u> | <u>\$ 4,276,903</u> | <u>\$ (3,403,062)</u> | <u>\$ 875,146</u> |
| Balance April 30, 2022 | <u>130,456,850</u> | <u>\$ 1,305</u> | <u>\$ 4,276,903</u> | <u>\$ (3,403,062)</u> | <u>\$ 875,146</u> |
| Balance July 31, 2022 | <u>130,456,850</u> | <u>\$ 1,305</u> | <u>\$ 4,276,903</u> | <u>\$ (3,403,062)</u> | <u>\$ 875,146</u> |
| Net Loss for year ended January 31, 2023 | | | | <u>(71,737)</u> | |
| Balance April 30, 2023 | <u>161,339,872</u> | <u>\$ 1,305</u> | <u>\$4,276,903</u> | <u>\$ (3,591,381)</u> | <u>\$ 1,409,795</u> |
| Balance July 31, 2023 | <u>161,339,872</u> | <u>\$ 1,305</u> | <u>\$4,276,903</u> | <u>\$ (3,591,381)</u> | <u>\$ 1,409,795</u> |

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

CARTEL BLUE, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

1. Company Information

Cartel Blue, Inc. (f/k/a Revenge Designs, Inc.), (Ticker symbol CRTL) a Nevada corporation, is a Carlsbad, CA based Company that produces and sells hydroponic hemp cigars, manufactured in the USA, as well as branded cigar accessories. A growing group of Cartel lounges and the Company's subsidiary company, Distributol, Inc. (www.distributolgov.com), utilize distribution channels within California, where recreational sale and consumption of products containing THC is legal. In addition, Distributol will be distributing 0.3 government legal products online and in convenience stores. Now legal in all 50 States after an 85-year ban, the Company can now ship legal THC products to consumers' homes as permitted by the federal law enacted in the Agriculture Improvement Act of 2018 (2018 Farm Bill).

The Company also intends to be an eco-friendly apparel company that utilizes high quality fabrics as well as hemp and designs with contemporary and edgy marketing strategies in conjunction with popular and unique celebrities in the film, television, and music industries.

The Company also owns 100% of Distributol, Inc., a Delaware corporation, which serves as the online distributor of all of the Company's products.

2. Going Concern

As reflected in the accompanying financial statements, the Company had an accumulated deficit of \$3,591,381 as of January 31, 2023.

While the Company is attempting to commence operations and generate revenues, the Company's cash position may not be significant enough to support the Company's daily operations. Management intends to raise additional funds by way of a public or private offering. Management believes that the actions presently being taken to further implement its business plan and generate revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate revenues and launch product line.

The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

3. Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements were prepared in conformity with generally accepted accounting principles in the United States ("US GAAP").

CARTEL BLUE, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to U.S. GAAP rules and regulations for presentation of interim financial information.

Risks and Uncertainties

The Company is subject to risks from, among other things, competition associated with the industry in general, other risks associated with financing, liquidity requirements, rapidly changing customer requirements, state and federal law, and technologies and limited operating history.

Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company's management and legal counsel assess such contingent liabilities, and such assessment inherently involves judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

If the assessment of a contingency indicates it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material would be disclosed. Loss contingencies considered to be remote by management are generally not disclosed unless they involve guarantees, in which case the guarantee would be disclosed.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates. Significant estimates include collectability of accounts receivable, accounts payable, sales returns and recoverability of long-term assets.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities less than or equal to three months at the date of purchase to be cash and cash equivalents. Cash and cash equivalents are stated at cost, which approximates fair value, and consist of bank deposits and certificates of deposit that are readily convertible into cash. The Company maintains its cash deposits and cash equivalents at well-known, stable financial institutions and is covered by insurance.

CARTEL BLUE, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

Inventory

Inventories are valued at the lower of cost (determined on a weighted average basis) or market. Management compares the cost of inventories with the market value and allowance is made to write down inventories to market value, if lower.

Revenue and Cost Recognition

The Company has no current source of revenue; therefore, the Company has not yet adopted any policy regarding the recognition of revenue or costs associated with such revenue streams. Operating expenses recognized in the Statement of Operations are expensed as incurred. The Company will recognize future revenue on the accrual basis, that is, when the revenue is earned, not necessarily when it has been paid for the goods and services.

Advertising Costs

The Company's policy regarding advertising is to expense advertising costs when incurred. No advertising costs were incurred for the 12 months ending January 31, 2023.

No Items of Other Comprehensive Income or Loss

The Company has no items of other comprehensive income or loss for the 12 months ended January 31, 2023. Therefore, the net loss, if any, as presented in the Company's Statement of Operations equals comprehensive loss.

Income Taxes

The Company uses the asset and liability method to account for income taxes as prescribed by ASC 740, Income Taxes. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse. Deferred tax expense (benefit) is the result of changes in deferred tax assets and liabilities. Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates in the period during which they are signed into law.

The Company may recognize the tax benefit from an uncertain tax position claimed on a tax return only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The authoritative standards issued by FASB also provide guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The factors used to assess the likelihood of realization are the Company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. Under ASC 740, Income Taxes, a valuation allowance is required when it is more likely than not that all or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income. Failure to achieve forecasted taxable income in applicable tax jurisdictions could affect the ultimate realization of deferred tax

CARTEL BLUE, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

assets and could result in an increase in the Company's effective tax rate on future earnings.

Earnings (Loss) Per Share

Basic loss per share is computed by dividing net loss attributable to common stockholders by the weighted average common shares outstanding for the period. Diluted loss per share is computed giving effect to all potentially dilutive common shares. Potentially dilutive common shares may consist of incremental shares issuable upon the exercise of stock options and warrants and the conversion of notes payable to common stock. In periods in which a net loss has been incurred, all potentially dilutive common shares are considered anti-dilutive and thus are excluded from the calculation.

| | For the 12 months Ending | |
|--|--------------------------|------------------|
| | <u>1/31/2023</u> | <u>1/31/2022</u> |
| Net Income (Loss) | \$(71,737) | \$ (29,089) |
| Weighted Average number of shares used to compute basis and diluted net loss per share | | |
| Basic and diluted | 130,456,850 | 130,456,850 |
| Net loss per share – Basic and diluted | \$(0.00) | \$ (0.00) |

Fair Value of Financial instruments

For certain of the Company's financial instruments, including cash and equivalents, restricted cash, accounts receivable, accounts payable, accrued liabilities and short-term debt, the carrying amounts approximate their fair values due to their short maturities. ASC Topic 820, "Fair Value Measurements and Disclosures," requires disclosure of the fair value of financial instruments held by the Company. ASC Topic 825, "Financial Instruments," defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the consolidated balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

Level 1 inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Company analyzes all financial instruments with features of both liabilities and

CARTEL BLUE, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

equity under ASC 480, "Distinguishing Liabilities from Equity," and ASC 815

As of January 31, 2023 and January 31, 2022, the Company did not identify any assets and liabilities that are required to be presented on the balance sheet at fair value.

Intangible Assets

The Company records identifiable intangible assets at fair value on the date of acquisition and evaluates the useful life of each asset. Finite-lived intangible assets primarily consist of software development capitalized. Finite-lived intangible assets are amortized on a straight-line basis. No events or changes in circumstances indicate that impairment existed as of January 31, 2023.

Recently Issued Accounting Pronouncements

There have been no new accounting pronouncements during the period ended January 31, 2023 that we believe would have a material impact on our financial position or results of operations.

4. Fixed Assets

Fixed assets consist of the following as of January 31, 2023 and January 31, 2022:

| | <u>1/31/23</u> | <u>1/31/22</u> |
|--------------------------|----------------|----------------|
| Furniture and equipment | \$9,670 | \$9,670 |
| Accumulated depreciation | (6,163) | (6,163) |
| | <u>\$3,507</u> | <u>\$3,507</u> |

5. Intangible Assets

Intangible assets consist of the following as of January 31, 2023 and January 31, 2022:

| | For the 12 Months Ending | |
|-------------------|--------------------------|-------------------|
| | <u>1/31/23</u> | <u>1/31/22</u> |
| Intangible Assets | <u>\$ 900,000</u> | <u>\$ 900,000</u> |

Trademarks and intellectual property for \$900,000 were deemed to have indefinite lives and are not amortized but are tested for impairment annually. As of January 31, 2023, the Company concluded there was no impairment.

6. Income Taxes

For the 12 months ending January 31, 2023, the Company incurred a net operating loss of \$(71,737) and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. At January 31, 2023, the Company had \$(3,591,381) of federal and state operating loss

CARTEL BLUE, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

carryforwards. Based on the available objective evidence, management believes it is more likely than not that the net deferred tax assets will not be fully realizable.

The Company is subject to U.S. federal and state income tax examinations by tax authorities for the periods ended January 31, 2017, 2018, 2019, 2020, 2021, 2022 and 2023.

7. Notes Payable

Due to forgiveness of all outstanding notes during the year ended January 31, 2018, the Company had no notes payable as of January 31, 2023.

8. Equity

Common Stock

In November 2012, the Company issued 275 million of its common shares in the acquisition of Omega Mercantile, Ltd. In addition, the Company issued 100,100,000 shares of its common stock in payment of accrued liabilities totaling \$64,675.

At January 31, 2015 the Company had completed agreements to affect the retirement of the 275,000,000 shares of stock of Omega Mercantile and for the acquisition of Cartel Blue, Inc., and its assets, in exchange for 75,000,000 shares of the Company.

In July 2015, 115,704,928 common shares were cancelled. On October 5, 2015, the Company reissued 60,000,000 shares that should not have been cancelled.

In September 2015, the Company issued 1,033,350 common shares to four individuals for \$65,000. With the issuance of the common stock, the Company also issued 1,033,350 in common stock warrants.

In February 2016, the Company issued 71,428 common shares to an individual for \$10,000.

In October 2016, the Company issued 200,000 common shares to an individual for exercising 200,000 warrants for \$5,803.

In October 2016, the Company issued 3,750,000 common shares that were previously cancelled in April 2015.

In January 2017, the Company issued 6,000,000 common shares for stock compensation to a shareholder for value received of \$100,200 or \$0.0167 per share.

In January 2017, the Company issued 6,000,000 common shares for stock compensation to 5 individuals as compensations for consulting services totaling \$94,200 or \$0.0157 per share.

In February 2017, the Company issued 1,000,000 common shares to an individual as compensation for consulting services for \$15,700 or \$0.0157 per share.

In March 2017, the Company issued 1,000,000 common shares each to three individuals as compensation for consulting services totaling \$47,100 or \$0.0157 per share.

CARTEL BLUE, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

9. Related Party Transactions

The CEO of the Company, Philip Moreb, has personally funded the start-up costs. Mr. Moreb has agreed not to seek reimbursement for these amounts advanced until the company is in a much better cash position, so that the repayment to him will not impair the company's ability to operate.

10. Warrants

In September 2015 through November 2015, the Company issued 1,033,350 in common stock warrants with the sale of the 1,033,350 shares of common stock. Each warrant entitled the holder to purchase from the Company one share of its common stock at an exercise price of 50% of the average closing price for the five trading days prior to the exercise of the warrants. The Warrants expired five (5) years from issuance. Accordingly, as of January 31, 2023, there are no outstanding common stock warrants.

The Company accounts for common stock warrants as either equity instruments or derivative liabilities depending on the specific terms of the warrant agreement. Common stock warrants are accounted for as derivative liabilities if the stock warrants allow for cash settlement or provide for modification of the warrant exercise price in the event subsequent sales of common stock are at a lower price per share than the then-current warrant exercise price. The warrants issued were accounted as an equity instrument.

11. Commitments and Contingencies

On April 15, 2022, the Company received a purchase order and has invoiced the buyer, Music City Botanicals, Inc., for 100,000 hand rolled hemp cigars to be delivered in the Company's individual Cartel plastic tubes at a sales price of in excess of \$527,000. As of January 31, 2023, the Company had received payments totaling \$196,900. The income from this sale and the cost of production will be recognized by the Company upon delivery of the completed product.

12. Subsequent Events

Management has evaluated events subsequent through May 10, 2023 for transactions and other events that may require adjustment of and/or disclosure in such financial statements:

The Company is in the process of pursuing a Regulation A stock offering. As a part of the Reg A offering, several non-public companies' interests, which are owned in part by the Company and its CEO, Philip Moreb, will be assigned to and merged into the Company. These companies include Cartel Philips, Inc, and Cartel, Inc. The company will endeavor to raise up to \$10,000,000 in the offering by issuing new shares at a discount to certain institutional investors, who will then be able to resell to the public. The proceeds of the Regulation A offering will be used to fund company operations, expand distribution, advertising and marketing, and other expenditures made to maximize shareholder value.

13. Asset Swap

In the first quarter of 2023, a notable asset swap took place involving Cartel Blue, Inc., a prominent company in the Hemp industry. The transaction included a diverse range of assets intended for promotional and transportation purposes. The assets involved were a 1980 Twin Cessna 310R aircraft, valued at \$187,000, a rugged 1996 H1 Hummer, with an appraised worth of \$127,000, a high-performance 1998 Cigarette Boat valued at \$155,000, and a sophisticated 2016 SVR Range Rover Autobiography with a market value of \$88,000. The exchange of these assets allowed Cartel Blue, Inc. to bolster its brand presence and enhance its logistical capabilities significantly. This strategic move not only added to the company's fleet of luxury transportation options but also enabled them to use these unique and exclusive assets for promotional events, establishing a distinctive and stylish image for their brand.

14. No substantial events have transpired in last quarter to report.