

CARTEL BLUE, INC.
28202 Cabot Road, Suite 300
Laguna Niguel, CA 92677
310-955-0099
www.cartelscigars.com
philip@cartelscigars.com

Quarterly Report
For the period ending April 30, 2024 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was 165,339,872 as of April 30, 2024

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 Control of the company has occurred during this reporting period:

Yes: ☐ No: ☒

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

Current incorporation information: The issuer is incorporated in Nevada beginning November 1995 and its status is active.

Prior Incorporation Information during the past five years: None

The issuer has not had any trading suspension or halt orders issued by the SEC or FINRA since inception.

The issuer does not have any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated and none have occurred within the past 12 months:

Address of the issuer's principal executive office and principal place of business is 28202 Cabot Road, Suite 300, Laguna Niguel, CA 92677

Neither the issuer nor any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years.

2) Security Information

Transfer Agent

Name: EQ Shareowner Services (Equiniti).

Phone: 800-937-5449

Email: _____

Address: 6201 15th Avenue
Brooklyn, NY 11219

Publicly Quoted or Traded Securities:

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 January 31, 2024
Total shares outstanding:	161,339,872 as of January 31, 2024
Total number of shareholders of record:	80 as of January 31, 2024

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

Exact title and class of the security:	Preferred Stock
Par or stated value:	\$0.001
Total shares authorized:	5,000,000 as of January 31, 2024
Total shares outstanding:	0 as of January 31, 2024
Total number of shareholders of record:	0 as of January 31, 2024

Security Description:

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

Dividends are payable at the discretion of the Board of Directors and will depend on the earnings, if any, capital requirements and financial position of the Company, general economic conditions, and other pertinent conditions. To date, the Company has not declared or paid any cash dividends to stockholders. . Vote at 1 vote per 1 share held. No preemption rights.

The authorized capital stock of the Company consists of 500,000,000 shares of Common Stock, par value \$.0001 per share. The holders of Common Stock currently (i) have equal ratable rights to dividends from funds legally available therefore, when, as and if declared by the Board of Directors of the Company; (ii) are entitled to shares ratable in all of the assets of the Company available for distribution to holders of Common Stock upon liquidation, dissolution or winding up the affairs of the Company; (iii) do not have preemptive, subscription or conversion rights and there are no redemption or sinking fund provisions or rights applicable here; and (iv) are entitled to one non-cumulative vote per share on all matters on which stockholders may vote. All shares of Common Stock now outstanding are fully paid for and non-assessable. Reference is made to the Company's Articles of Incorporation, by-laws and the applicable statutes of the State of Nevada for a more complete description of the rights and liabilities of holders of the Company's securities.

The holders of shares of Common Stock of the Company do not have cumulative voting rights, which means that the holders of more than 50% of such outstanding shares, voting for the election of directors, can elect all the directors to be elected, if they so choose, and in such event, the holders of the remaining shares will not be able to elect any of the Company's directors.

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

The authorized capital stock of the Company includes 5,000,000 shares of preferred stock, par value of \$.001 per share. Otherwise, the class, series, rights, privileges, and preferences of the preferred stock have not yet been designated.

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

None

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.

None

3) Issuance History

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

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 Opening Balance: Date <u>02/01/2024</u> Common: <u>161,339,872</u> Preferred: <u>0</u>									
Date	Transaction type	Number of Shares Issued or cancelled	Class	Value at Issuance	Discount to market	Shares were issued to.	Reason for issuance	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>2/1/24</u>	<u>Issuance</u>	<u>1000000</u>	<u>Common</u>	<u>N/A</u>	<u>No</u>	<u>Kristine Krall</u>	<u>Bookkeeping services rendered</u>	<u>Unrestricted</u>	<u>N/A</u>
<u>2/1/24</u>	<u>Issuance</u>	<u>1000000</u>	<u>Common</u>	<u>N/A</u>	<u>No</u>	<u>Frank Vantrepoge</u>	<u>Manufacturing services rendered</u>	<u>No</u>	<u>N/A</u>
<u>4/30/24</u>	<u>Issuance</u>	<u>1000000</u>	<u>Common</u>	<u>N/A</u>	<u>No</u>	<u>Colleen Shannon</u>	<u>Social Media & Promotional services rendered</u>	<u>No</u>	<u>N/A</u>
Shares Outstanding Ending Balance: Date <u>1/31/2024</u> Common: <u>165,339,872</u> Preferred: <u>0</u>									

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: ☐

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.)
<u>4/30/24</u>							

4) Issuer's Business, Products and Services

A. Summary of the issuer's business operations

Cartel Blue, Inc. (f/k/a Revenge Designs, Inc.), (Ticker symbol CRTL), is a Nevada Corporation 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 wholly-owned subsidiary company, Distributol, Inc. (www.distributolgov.com), utilize distribution channels within the State of California, where the recreational sale and consumption of products containing THC is legal.

The Company also intends to operate as an eco-friendly apparel company utilizing hemp and other high-quality fabric, along with contemporary designs and edgy marketing strategies that will be promoted by celebrities in the television, film, and music industries.

In addition, Distributol (plans to distribute) 0.3 % government legal products online and in convenience stores. Now legal in all fifty 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).

B. The issuer has the following subsidiaries, no parent company and no affiliated companies.

Distributol, Inc., a wholly owned subsidiary, is a manufacturer of hand-rolled hemp cigars and other hemp related products and serves as the online sales entity for the Company's products. Philip Moreb, the Company's CEO, serves as President and a Director of Distributol, Inc. Distributol, Inc. is in active status with the State of Delaware.

C. The issuers' principal products or services.

Cartel Blue's principal products are hemp-based products - mainly hydroponic hemp cigars, cigar accessories, gummies, as well as eco-friendly hemp fiber based apparel.

5) Issuer's Facilities

The Company currently leases office space for its corporate headquarters located at 28202 Cabot Road, Suite 300, Laguna Niguel, California. The monthly rent is \$1,750.

The Company currently leases 2,450 square feet of office space located at 2150 Palomar Airport Road, in Carlsbad, California. The monthly rent is \$1,750.

6) All Officers, Directors, and Control Persons of the Company

Name	Affiliation with Company	Residential Address	Number of shares owned	Share type/class	Ownership Percentage
Judge Phillip LaRocca, Ret.	President, Treasurer, Director	Palm Desert, California	-0-	Common	-0-
Bridget Moreb	Secretary, Director	Rancho Mirage, California	2,500,000	Common	1.5
Philip Moreb	CEO, CFO, Director, owner of more than 5%	Rancho Mirage, California	75,000,000	Common	46.4

7) Legal/Disciplinary History

A. No persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

2. Been the subject of 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, financial- or investment-related, insurance or banking activities;
 3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;
 4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or
 5. Been the subject 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.
 6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.
- B. The issuer does not have 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 to 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.

8) Third Party Service Providers

Name: Midway Law Firm, APC
 Firm: 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

Name: Jackson L. Morris, Esq.
 Nature of Services: Securities Counsel
 Address 1: 126 21st Avenue SE
 Address 2: St. Petersburg, FL 33705
 Phone: 813-892-5969
 Email: Jackson.morris@rule144solution.com

Investor Communication:

X (Twitter): @cartelscigars
 Facebook: cartelscigars

9) Disclosure & Financial Information

- A. This Disclosure Statement was prepared by (name of individual):

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

- B. The following financial statements were prepared in accordance with:

- ☐ IFRS
☒ U.S. GAAP

C. The following financial statements were prepared by

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

Mr. 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. Mr. Moreb 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.

Index to Financial Statements:

- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

10) Issuer Certification

Principal Executive and Financial Officer:

I, Philip Moreb, certify that:

1. I have reviewed this annual 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.

June 5, 2024 2024

/s/ PHILIP MOREB

Philip Moreb

Principal Executive and Financial Officer:

CARTEL BLUE, INC. AND SUBSIDIARY
Consolidated Balance Sheet
(Unaudited)

	For the 3 months ended	
	4/30/2024	4/30/2023
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	19,889	17,877
Inventory	176,000	264,000
Total Current Assets	195,889	281,877
Fixed Assets		
Fixed Assets (net)	551,407	551,407
Intangible Assets	900,000	900,000
Total Fixed Assets	1,451,407	1,451,407
Start up Costs Capitalized	75,939	75,939
TOTAL ASSETS	1,723,235	1,809,223
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
Current Liabilities		
Loans from Officers	56,377	16,377
Accounts Payable/Deposit on Sales Order	58,500	49,225
Notes Payable	-	-
Total Current Liabilities	114,877	65,602
Long Term Liabilities		
Loans from Shareholders	293,826	293,826
Loans from Non-Shareholders	80,000	40,000
TOTAL LIABILITIES	488,703	399,428
Stockholder's Equity		
Preferred stock- \$.001 par- 5,000,000 authorized, 0 issued	-	-
Common Stock- \$.00001 par, 500,000,000 authorized, 161,339,872 and 130,456,850 shares outstanding	1,705	1,305
Additional Paid-in Capital	4,276,903	4,276,903
Accumulated Earnings (Deficit)	(3,044,076)	(1,408,490)
TOTAL STOCKHOLDER'S EQUITY	1,234,532	1,409,795
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	1,723,235	1,809,223

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 ending	
	4/30/2024	4/30/2023
Revenue	79,000	97,000
Cost of Goods Sold	<u>45,000</u>	<u>87,000</u>
Gross profit	34,000	10,000
Operating Expenses		
Depreciation expense	-	-
General and Administrative expenses	<u>18,500</u>	<u>18,500</u>
Total Operating Expenses	18,500	18,500
Operating Income (Loss)	15,500	7,877
Other Expenses:		
Interest expense	<u>-</u>	<u>-</u>
Total Other Expenses:	-	-
Net Income (Loss)	<u><u>15,500</u></u>	<u><u>7,877</u></u>
Net Loss per share:		
Basic	-	-
Diluted	-	-
Weighted average number of shares outstanding		
Basic	165,339,872	161,339,872
Net	165,339,872	161,339,872

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

CARTEL BLUE, INC. AND SUBSIDIARY
Consolidated Statement of Cash Flows
(Unaudited)

	For the 3 months ended	
	4/30/2024	4/30/2023
Cash Flows from Operating Activities		
Net Gain (Loss)	15,500	10,000
Adjustments to reconcile net loss to net cash	-	7,877
Depreciation expense	-	-
Issuance of shares as compensation	12,000	-
Increase (decrease) in assets		
Prepaid expenses	-	-
Inventory	176,000	264,000
Deposit on Sales Order	58,500	44,000
Increase (decrease) in current liabilities		
Debt forgiveness	9,000	-
Accounts payable and accrued expenses	-	-
Payable to related party	-	-
Net Cash from Operating Activities	<u>271,000</u>	<u>17,877</u>
Cash Flows from Financing Activities		
Proceeds from Sale of Assets	(107,000)	-
Proceeds from Sale of Equity Securities	-	-
Proceeds from Non-Shareholder Loans	-	-
Proceeds from Shareholder/Officer Loans	56,377	16,377
Net Cash from Financing Activities	<u>(50,623)</u>	<u>16,377</u>
Cash Flows from Investing Activities		
Net Cash from Investing Activities	<u>-</u>	<u>-</u>
Cash Used for Start-up Costs	-	-
Net Increase (decrease) in Cash	220,377	17,877
Cash - Beginning of Period	17,877	-
Cash - End of Period	<u>238,254</u>	<u>17,877</u>

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

CARTEL BLUE, INC. AND SUBSIDIARY
Condensed Consolidated Statement of Equity
(UNAUDITED)

	Shares	Amount	Additional Paid- in Capital	Retained Earnings	Total Equity
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 Income (Loss)	-	-	-	(461,794)	(461,794)
Balance January 31, 2017	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 Income (Loss)	-	-	-	93,413	93,413
Balance January 31, 2018	130,486,850	1,305	4,276,903	(3,373,973)	904,235
Balance January 31, 2019	130,486,850	1,305	4,276,903	(3,373,973)	904,235
Balance January 31, 2020	130,486,850	1,305	4,276,903	(3,373,973)	904,235
Balance January 31, 2021	130,486,850	1,305	4,276,903	(3,373,973)	904,235
Net Income (Loss)	-	-	-	(29,089)	(29,089)
Balance January 31, 2022	130,456,850	1,305	4,276,903	(3,403,062)	875,146
Net Income (Loss)	-	-	-	(71,737)	
Balance January 31, 2023	161,339,872	1,305	4,276,903	3,591,381	1,409,795
Balance January 31, 2024	161,339,872	1,305	4,276,903	3,591,381	1,409,795
Issuance of shares as compensation	4,000,000	400	4,276,903		
Balance April 30, 2024	165,339,872	1,705	4,276,903	3,591,381	2,819,590

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

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

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.

Going Concern

As reflected in the accompanying financial statements, the Company had an accumulated deficit of \$3,044,076 as of April 30, 2024.

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.

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").

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

CARTEL BLUE, INC.
NOTES TO FINANCIAL STATEMENTS
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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 CARTEL BLUE,

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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.

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 3 months ending April 30, 2024.

No Items of Other Comprehensive Income or Loss

The Company has no items of other comprehensive income or loss for the 3 months ended April 30, 2024. Therefore, the net loss, if any, as presented in the Company's Statement of Operations equals comprehensive loss.

Debt Forgiveness/Loss on Sale of Assets

The Company had \$9,000 of debt forgiveness due to a loss from falsified market makers. The Company incurred a loss on the sale of assets, a 1980 Cessna 310. The purchase price of the asset, \$189,000. It was sold at the market value for \$82,000.

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

CARTEL BLUE, INC.
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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 derecognition, classification, interest and penalties on income taxes, accounting in interim periods and require 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 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 3 months Ending	
	<u>4/30/2024</u>	<u>4/30/2023</u>
Net Income (Loss)	\$ 15,500	\$ 7,877
Weighted Average number of shares used to compute basis and diluted net loss per share		
Basic and diluted	165,339,872	161,339,872
Net loss per share – Basic and diluted	\$(0.00)	\$ (0.00)

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

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

As of April 30, 2024 and April 30, 2023, 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 April 30, 2024.

Recently Issued Accounting Pronouncements

There have been no new accounting pronouncements during the period ended April 30, 2024 that we believe would have a material impact on our financial position or results of operations.

Fixed Assets

Fixed assets consist of the following as of April 30, 2024 and April 30, 2023:

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	<u>4/30/24</u>	<u>4/30/23</u>
Furniture and equipment	\$9,670	\$9,670
Accumulated depreciation	(6,163)	(6,163)
	<u>\$3,507</u>	<u>\$3,507</u>

Intangible Assets

Intangible assets consist of the following as of April 30, 2024 and April 30, 2023:

	For the 3 Months Ending	
	<u>4/30/24</u>	<u>4/30/23</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, 2024, the Company concluded there was no impairment.

Income Taxes

For the 3 months ending April 30 2024, the Company incurred net operating income of \$15,500 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, 2024, the Company had \$(3,591,381) of federal and state operating loss 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, 2023, and 2024.

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, 2024.

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

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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 canceled. On October 5, 2015, the Company reissued 60,000,000 shares that should not have been canceled.

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 canceled 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.

In February 2024, the Company issued 1,000,000 common shares each to three individuals as compensation for consulting services rendered totaling \$9,000 or \$0.003 per share.

In April 2024, the Company issued 1,000 000 common shares to pay the interest only on a loan from shareholder, Mark Porcello. The shares issued are to satisfy the full balance of accrued interest on the loan as of April 30, 2024.

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

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better cash position, so that the repayment to him will not impair the company's ability to operate.

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 April 30 2024, 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.

Commitments and Contingencies

No commitments or contingencies are in place as of April 30, 2024.

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.