

Smoke Cartel, Inc.
100 Old W Lathrop Ave
Savannah, GA 31415

SUPPLEMENTAL INFORMATION

DATE: November 7, 2017

MATERIAL EVENT: Acquisition of Early Bird Distribution LLC

Acquisition of Early Bird Distribution LLC

On November 6, 2017, Smoke Cartel, Inc., a New York corporation (the “Company”), entered into a Membership Interest Purchase Agreement (the “Purchase Agreement”) with Early Bird Distribution, LLC., a privately held limited liability company incorporated under the laws of California (“Early Bird”), and the members of Early Bird. As a result of the transaction, Early Bird became a wholly-owned subsidiary of the Company. In accordance with the terms of the Purchase Agreement:

- 1) The Company agreed to pay the minority member of Early Bird \$60,000, payable with an initial deposit of \$10,000 within 5 days of execution and the balance due at closing;
- 2) The Company agreed to issue to the majority member of Early Bird, Robert Ingram, 50,000 shares of the Company’s common stock; and
- 3) The Company agreed to purchase the existing inventory of Early Bird, payable to the majority member, at original cost within one year from closing.

Each of the Company, Early Bird and the shareholders of Early Bird provided customary representations and warranties, pre-closing covenants and closing conditions in the Purchase Agreement.

Further under the Purchase Agreement, the Company agreed to enter into an employment agreement with Robert Ingram to serve as Director of Product Development. The agreement grants Mr. Ingram an annual base salary of \$72,000, cash and equity bonuses upon the achievement of milestones, health and benefits and severance for termination without cause. In connection with the Purchase Agreement, Mr. Ingram agreed to certain restrictive covenants including certain non-compete and non-solicitation provisions under a business protection agreement that he signed with the Company.

Prior to the above transactions, there were no material relationships between the Company and Early Bird, or any of their respective affiliates, directors or officers, or any associates of their respective officers or directors, other than as disclosed herein.

The shares issued were not registered under the Securities Act, but were issued in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended, and Regulation D promulgated thereunder.

The Company intends to carry on the business of Early Bird as an expansion of its own operations.

About Early Bird

Founded in 2013, Early Bird Distribution LLC (also referred to as “ErrlyBird”) has built a reputation for developing unique and high-quality products. ErrlyBird will continue to develop its product lines and offer products that are not easily substituted for in terms of quality or utility. The goal for the company, since its onset, was to be a cannabis lifestyle company that provided the equipment necessary to consume cannabis concentrates comfortably, and in style. ErrlyBird has several brands and product lines that offer a lot of room for growth in the coming years.

BudderBlocks has become a respected name in cannabis concentrate storage, and the product line naturally builds upon itself given its unique stacking ability. The product line can be expanded to offer more storage options for different types of cannabis or can be expanded to offer storage options for the retail marijuana market. As more states adopt medical and recreational marijuana laws, there will be an increased focus on responsible and compliant packaging.

The Torch Art butane torch has become ErrlyBird's best-selling item. Over the last 4 years, ErrlyBird has commissioned or licensed hundreds of designs that are relevant to popular culture and the cannabis community. These designs are applied to the torch in the form of a vinyl wrap. Torch Art is the only butane torch on the market that sells with this kind of artwork.

The Dabsketball product line combines sports with cannabis accessories in a way that no other activity has accomplished yet. In order to play Dabsketball, individuals will toss their cannabis concentrate ("dabs") into their water pipe with quartz vapor attachment. ErrlyBird has developed an Instagram page for the activity with nearly 40K followers and a large active base of players. To complement the sport, ErrlyBird developed basketball hoop style quartz vapor nails that make the game easier. ErrlyBird also developed personal size, and table top sized silicone mats as a playing surface. Some of these mats are customized with unique logos that are parodies of popular professional sports teams. Those parodied logos are also used to sell apparel and other merchandise. Dabsketball offers the only competitive and sports-related aspect to cannabis consumption here. In essence, it is the beer pong of cannabis. Since ErrlyBird runs the Instagram channel on which the activity is most widely followed, there is a unique opportunity to capitalize on product development for Dabsketball.

Quite possibly the most exciting opportunity going forward is the Heady Pet line, high fashion for pets. The pet industry is huge. It is also already established and completely legal, but there is a void of cannabis lifestyle related products for pets. People love to spend money on their pets, and they want their pet to be a reflection of themselves. Cannabis enthusiasts have not been afforded many options for 420-related products for their pets. ErrlyBird has taken some of its most popular Torch Art patterns that were cannabis related, or glass pipe art related, and fashioned them onto leashes, collars, harnesses, seat belts and bow ties. Not only are the pet products extremely high quality and functional, they are unlike any other pet product patterns on the market. The Heady Pet brand will attend 3 major pet trade shows in 2018 to create distribution channels for its products. This has proven to be a successful model for distribution ErrlyBird's other products in the smoke shop and cannabis sector.