

SMOKE CARTEL, INC.

Quarterly DISCLOSURE STATEMENT

For the three months ended March 31, 2018

This Quarterly Report may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties and are based on the beliefs and assumptions of management and information currently available to management. In some cases, you can identify forward-looking statements by words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will,” “would,” or the negative of these words or other comparable terminology. Any forward-looking statements discussed in this Quarterly Report is based on our current views of our future business prospects and, as such, will involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from our projections. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

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

Smoke Cartel, Inc. as of August 29, 2017
Formerly Lemont Inc.

2) Address of the issuer’s principal executive offices

Company Headquarters
1313 Rogers St.
Savannah, Georgia 31415

Phone: 912-226-2802
Email: annie@smokecartel.com

3) Security Information

Trading Symbol: SMKC
Exact title and class of securities outstanding: common stock
CUSIP: 832657 100
Par or Stated Value: \$0.0001
Total common shares authorized: 380,000,000
Total common shares outstanding: 20,275,006 shares of Common Stock as of May 2, 2018

Transfer Agent
Globex Transfer, LLC
780 Deltona Blvd.
Suite 202
Deltona, FL 32725
813-344-4490
<http://www.globextransfer.com>

Is the Transfer Agent registered under the Exchange Act? Yes: NO:

List any restrictions on the transfer of security: None

Describe any trading suspension orders issued by the SEC in the past 12 months: None

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

FINRA provided a market effective date of July 11, 2017 for the Company's 1 for 287 reverse stock split.

On July 14, 2017, the Company entered into a Membership Interest Purchase Agreement (the "Purchase Agreement") with Thread Cartel LLC., a privately held limited liability company incorporated under the laws of Georgia ("Smoke Cartel"), and the members of Smoke Cartel. As a result of the transaction (the "Exchange"), Smoke Cartel became a wholly-owned subsidiary of the Company. In accordance with the terms of the Purchase Agreement, at the closing an aggregate of 18,999,601 shares of the Company's common stock were issued to the holders of Smoke Cartel in exchange for their membership interests of Smoke Cartel. Each of the Company, Smoke Cartel and the shareholders of Smoke Cartel provided customary representations and warranties, pre-closing covenants and closing conditions in the Purchase Agreement.

Also on July 14, 2017, the Company entered into an Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations (the "Conveyance Agreement") with a company controlled by our prior officer and director, Wanjun Xie. Pursuant to the Conveyance Agreement, the Company transferred all assets and business operations associated with its business investment activities of the spot gold trading and the spot silver trading to Mr. Xie's company. In exchange, Mr. Xie agreed to cancel 323,300 shares in the Company and to assume and cancel all liabilities related to the Company's former business.

FINRA provided a market effective date of August 29, 2017 for the Company's name and symbol change to Smoke Cartel, Inc. (SMKC).

On November 6, 2017, the Company entered into a Membership Interest Purchase Agreement (the "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 Agreement.

Further under the 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.

4) Issuance History

For the three months ended March 31, 2018, the following issuances transpired:

The Company issued 75,000 shares of common stock to Trillium Partners LP at an offering price of \$1.00 per share.

These securities were issued pursuant to Section 4(2) of the Securities Act and/or Rule 506 promulgated thereunder. The holders represented their intention to acquire the securities for investment only and not with a view towards distribution. The investors were given adequate information about the Company to make an informed investment decision. The Company did not engage in any general solicitation or advertising. The Company directed its transfer agent to issue the stock certificates with the appropriate restrictive legend affixed to the restricted stock.

5) Financial Statements

Financial Statements are included at the end of this disclosure statement as Exhibit A:

6) Describe the Issuer's Business, Products and Services

Overview

Smoke Cartel, Inc. was formed on August 15, 2014 with the mission of leveraging its technological e-commerce advantages to become one of the leading providers of glass water pipes and other smoking accessories related to the nation's emerging legal cannabis industry. The Company's new direction and focus as an online retailer of such goods and services is due to its recent series of strategic acquisitions that has laid the foundation for the Company's future growth strategy.

We provide smoking accessories and glass pipes as an online retailer and wholesale distributor. We operate in different verticals within the online headshop industry, consisting of, but not limited to, sales of consumer products through online retail, sales of wholesale products to other retailers, design and manufacturing of branded products, and shipping and fulfillment services. In addition to our technological advantages, our strengthening brand names continues to differentiate us versus most of our smaller, undercapitalized competitors enabling us to further expand our presence in the domestic and international headshop and glass industries. We operate our online retail division through SmokeCartel.com and our wholesale division through Glassheads Distribution.

We believe the design, quality and craftsmanship of our glass pipes and related cannabis accessories coupled with the strength of our various brand names will help solidify our position as one of the key industry standards in this segment of the cannabis industry. However, the single most important competitive advantage and largest barrier to entry for new competitors, is our technological advantages. Our proprietary technology allows us to cost effectively manage nearly all of the various aspects of our ecommerce and wholesale operations, beyond the constraints of Shopify, our ecommerce platform. Our proprietary technology monitors inventory, manages shipping and fulfillment, and gives us data about our customer, allowing us to make data-driven decisions in growing our different divisions and product lines. We have designed and developed 5 branded product lines, including Sesh Supply, Kraken Grinders, U.P.C, China Glass, and Cinderwitch Torches. The various product lines were developed to more effectively pursue different demographic markets.

Our principal office is located at 1313 Rogers St. Savannah, GA 31415 and our phone number is 912-226-2802. Our corporate website address is www.smokecartel.com. Information contained on, or accessible through, our website is not a part of, and is not incorporated by reference into, this Annual Report.

Our Industry

As part of the online headshop and glass wholesale industry, we are not directly affected by regulations in the cannabis industry, but we do benefit from the expansion of the legal cannabis market. Recreational marijuana is currently legalized in 8 states and 29 states have legalized marijuana for medical purposes. Our business benefits as legal marijuana continues to expand across the United States and the demand for cannabis accessories is increasing.

In addition, our business is primarily done through online commerce, which is increasing nationally. Consumers are shifting towards e-commerce sales, and we actively work to pursue this growing consumer base.

Although we do not deal with cannabis itself, our products are associated with the plant, which means that we face many of the same challenges that cannabis companies face, such as federal regulation, banking restrictions, lack of advertising platforms, and negative stereotypes of the business. We have dealt with these regulations and challenges since our inception and have been resourceful and persistent in finding legal means to operate our business and reach our consumer base.

The cannabis accessory industry is legal, but is a relatively new industry which presents its own challenges, like a lack of a standardized system that other retail industries have. We developed our own SKU system for inventory management. Company management has expertise in technology and web development, which allowed us to develop proprietary software that directly integrates into popular ecommerce platforms like Shopify. We also have

the unique ability to ship fragile glass products efficiently and effectively. We believe our advanced shipping knowledge and experience along with our software gives us a unique skill set that other distribution companies lack. Our resourcefulness with technological solutions has allowed us to provide unparalleled fulfillment and shipping services despite industry challenges.

With increasing state legalization of cannabis, the industry is receiving more public attention than ever, but it is still in an infantile state. Nationwide legalization is imminent and there will be a rise in new cannabis businesses who will be dealing with these challenges and uncertainty of operating in a new industry. We have the advantage of industry knowledge and experience and we believe we will be one of the only cannabis accessories retailers equipped to handle the increased demand across the country.

Market Opportunity Analysis

We see market opportunity in the head shop and smoking accessories industry, ecommerce industry, and the cannabis industry. With expansion of the legal cannabis market, we believe there will be an increase in demand for cannabis accessories and we have expertise in developing products to quickly bring to market. We have vertically integrated our operations in order to easily bring new products to both online retail and wholesale markets. There is a substantial opportunity to gain significant market share and to solidify our standing as the leading company of consumer cannabis accessories. The market is new and experiencing rapid growth and will require experienced and well-established companies to take the lead.

Head shop and Smoking Accessories Industry

In the past 20 years, the smoking accessories industry has experienced rapid growth and changes to the industry. In 1995, companies were placing pipes into a copy machine, then faxing the photocopied pages to potential customers. Wood, metal, and plastic pipes were still the mainstream, as glass pipes were just starting to become available. At this time The Crush, one of the few glass pipes manufacturers, held nearly 75% of market share doing \$11M annually in revenue. Once prosecution of drug paraphernalia decreased in the early 2000s, there was a surge of new manufacturers and retailers of glass smoking accessories.

Now, according to a 2013 report from Headquest Magazine, smoke shops generate an estimated \$10 billion in revenues annually in the United States, which is even before most legalization laws had passed. The growth in the head shop and cannabis accessory industry has been rapid and is relatively new; there is not a lot of market research available right now. However, the demand for cannabis accessories is set to increase with the increase of the legal cannabis market.

Ecommerce: Online Retail and Wholesale Industry

Our business is conducted primarily through online commerce, which is increasing nationally and globally. Consumers are shifting toward e-commerce sales, and we actively work to pursue this growing consumer base. The National Retail Federation (NRF) expects that online retail will grow 8-12%, up to three times higher than the growth rate of the wider retail industry.

In worldwide ecommerce sales, data from Statista anticipates a 246.15% increase in worldwide ecommerce sales, from \$1.3 trillion in 2014 to \$4.5 trillion in 2021. The global market is shifting toward ecommerce because it offers wide product selection to consumers all over the country and the world. Ecommerce is an easier and more efficient process for most buyers, and this includes the cannabis accessories market.

Statista's data also shows that the B2B wholesale ecommerce market is worth 234.78% more than the B2C ecommerce sales. Their data shows that by the close of 2017, B2C ecommerce sales will hit \$2.3 trillion worldwide while B2B ecommerce will reach \$7.7 trillion. Our expansion into wholesale B2B online sales adds significant value as the online wholesale market is growing at much faster rate than online retail.

Cannabis Industry

As part of the online head shop and glass wholesale industry, we are not directly affected by regulations in the cannabis industry, but it does benefit from the expansion of the legal cannabis market. Recreational marijuana is currently legalized in 8 states and medical marijuana is legalized in 29 states. The Federal Government ended alcohol prohibition after 10 states had decided to pass their own legalization laws, the country is now just 2 states away from that number with cannabis. The cannabis industry and all of its ancillaries will continue to grow with legalization. The industry is still in its infancy, and any company with the right experience, the right people, in the right place, at the right time, and who also has a head start, is poised for accelerated rise and control of a large part of market share.

According to Arcview Market Research, North American consumers spent \$6.7 billion on legal cannabis products, which is up 34% from 2015. Arcview estimates that by 2021, the legal cannabis market will be worth \$22.6 billion. The research report also notes that very few consumer industries earn \$5 billion in annual revenue with 25% compound annual growth the following five years. Arcview estimates that this high growth rate will continue past 2021 as states will still be passing legalization laws and federal legalization is also expected in that time period.

The cannabis industry will also have increasing economic impact in the next few years through jobs, taxes, and the opportunity to start new businesses. Leafly reports that legal marijuana currently supports 149,304 jobs in the United States, which is a 22% increase in jobs from last year. Marijuana Business Daily predicts that the economic impact of the U.S cannabis industry will be between \$47.6 and \$68.4 billion by 2020. The economic impact of cannabis in 2016 was only \$16-\$18 billion, which shows huge potential for the impact the cannabis market will have on the U.S economy.

Public sentiment of the marijuana market is changing; Arcview's polls show that 80% of Americans approve of legal access to medical cannabis and 60% approve of full adult use legalization.

Marijuana Legalization Status by State: New Potential Markets

As legalization initiatives and public support grows across the country, there is great potential in new markets that have not legalized recreational or medical marijuana. The market has seen tremendous growth from states with legalization, in both recreational and medical, and these markets are expected to continue this high growth rate.

In the 2016 election, three new states legalized medical marijuana: Arkansas, Florida, and North Dakota. Four states that already had medical marijuana laws legalized recreational: California, Maine, Massachusetts and Nevada. Marijuana Business Daily estimates that these new markets could create \$7 billion to \$8 billion in additional retail revenue. They also note that almost 60% of the U.S population now lives in a state where marijuana has been legalized. By opening up these new markets, 2016 marked an important shift in the cannabis industry.

Products and Services

Retail Division

We operate an ecommerce store through SmokeCartel.com that sells glass pipes, vaporizers, bongs and other smoking and cannabis accessories. The retail division has about 90,000 customers in 44 countries and continues to grow its consumer base. Our website operates through Shopify, a popular ecommerce platform that easily works with our internal tracking software and helps us identify key data and customer behaviors.

Wholesale Division

In January 2016, we acquired UPC Distribution which was rebranded as Glassheads Distribution and became the wholesale division of Smoke Cartel. The acquisition allowed us to expand into the wholesale market to sell to other retailers across the United States and internationally. Glassheads has about 3,000 retail customers and plans to grow that consumer base through marketing and sales initiatives as well as continued innovation in product design.

Glassheads Distribution, formerly UPC Distribution, has nearly 20 years of experience in the wholesale and manufacturing industry, giving us an advantage in its expansion to the wholesale market. The mission of Glassheads is to innovate and provide quality products at affordable prices, while maintaining unsurpassed customer service.

Glassheads focuses on training and maintaining a knowledgeable and experienced sales staff. Through expert knowledge, of not just our products and services, but those of our competitors, Glassheads' sales staff is able to guide and provide honest information for customers.

Products: Design and Development

We design and manufacture products for the online retail store and for our wholesale division. These products include glass water pipes, bongs, vaporizers, and other tobacco or cannabis accessories. We also have created, branded, and trademarked product lines to sell as both retail and wholesale products to target different markets including Sesh Supply, Kraken Grinders, U.P.C, China Glass, and Cinderwitch Torches. We have covered a wide niche of glassware, and plan to focus on non-glass products and accessories in the future to expand product selection and to reach new markets.

Sesh Supply is a branded and trademarked name and is a line of glass water pipes known for their unique design and spinning propeller percs. Each Sesh Supply piece is named from a creature or character from Greek mythology and follows a bold and colorful theme, which is all part of a marketing strategy for a younger generation of smokers. Made with high-quality materials, Sesh Supply is all about setting new standards for affordable glass pieces.

China Glass is a branded and trademarked name and is a line of glass that comes from a team of carefully selected master glass artists from the Hebei province of Northern China. There is often a certain stigma in the industry about glass that's made overseas, but these master glassblowers have combined over 100 years of glassblowing experience, and have produced excellent functional glass art with a nod to their history and culture. China Glass is marketed for the sophisticated smoker and people who like to smoke while doing yoga, meditating, or relaxing.

Kraken Grinders is also a Smoke Cartel branded and trademarked name and it is a line of grinders made from high-quality stainless steel and aluminum alloys. Grinders are used for grinding tobacco and herbs, and the Kraken grinder features unique designs like stash windows, easy clear buttons, pollen screens, and more.

Cinderwitch Torches is the newest branded and trademarked brand for Smoke Cartel. Products include premium ignition devices like butane and electronic torches. Cinderwitch has unique products that are unlike most conventional torches, both in style and function.

We acquired the UPC brand in our acquisition of UPC Distribution. The wholesale division was rebranded as Glassheads, however, UPC is still a brand name we use for a line of water pipes and dab rigs. UPC pieces are dedicated to the classic and timeless design known to scientific glass, and their iconic logo, which is also trademarked, gives each piece its own unique twist. UPC is marketed for simple, traditional smokers.

We currently manufacture a small portion of our products in our warehouse facility located in Savannah, Georgia. We also source from third party vendors, but plan on reducing the number of third party vendors and will increase in-house manufacturing to reduce overhead costs. We plan to go from 160 vendors to 100 vendors, as we are seeing a greater response to in-house brands as well as significantly better margins on those products. Our target is for 85-90% of all retail and wholesale revenue to be from our own brands and products, and we also plan to rely less and less on third party vendors as we pivot to become the industry powerhouse in product design.

Distribution/Dropshipping

Smoke Cartel provides warehousing and fulfillment for industry competitors and takes a percentage of their sales as part of its dropshipping service. The Company is a respected name in the industry and has well-known warehousing and shipping services that other companies trust. Smoke Cartel is one of the few companies in the industry who offer dropshipping services which has allowed them to dominate over competitors.

Dropshipping services provided the opportunity for other online retailers to take advantage of Smoke Cartel's advanced fulfillment and high-capital, technology-driven processes. By outsourcing fulfillment, these clients -- competitors--develop a synergistic partnership with Smoke Cartel.

The dropshipping program also benefits these clients by increasing their product selection by over 1000 SKUs and by giving them live access to Smoke Cartel's vast inventory tracking system while having a dedicated liaison to manage the orders that they submit. These clients are other online glass retailers, which allows Smoke Cartel products to reach an even greater amount of digital consumers.

Marketing Plan

Positioning and Goal

Because of our association with the cannabis industry, we are restricted from traditional advertising networks like Google and Facebook, however, like in other aspects of the business, we have been resourceful in finding legal and effective marketing strategies. We allocate our marketing spending toward social networks, use precise retargeting strategy, work with industry influencers, sponsor cannabis related events, and execute paid web advertisements on sites that allow cannabis or tobacco related content. As we continue to grow, we plan to continue to increase brand awareness through these same strategies and through new marketing initiatives.

Marketing Tactics

Since our inception, we have always focused on building a brand and on our artistic vision for products and marketing initiatives. This includes implementing professional photography and graphic design in every marketing and advertising material, online or printed, with the intent to create a globally recognized brand. We focus on eye-capturing, carefully curated imagery of our products. Our images are immediately relatable to our audience, as we use diverse settings such as homes and outdoor spaces that create a welcoming feel to our pictures, or bright colored backgrounds that enable our products to pop. We focus on the aspirational aspect of our photos and showing consumers a lifestyle.

We use a combination of online and offline initiatives for sales and marketing of products and services of the ecommerce and wholesale businesses. We have built strong relationships with important industry figures and advertisers which helps perpetuate the brand of Smoke Cartel. We also utilize an in-house sales department specifically for wholesale customers to build solid relationships with wholesale customers.

Social Media Marketing

We have built a large social media following on our own company accounts and on separate brand accounts for our different product lines. This combined with the use of social media influencers gives us a strong presence on social media networks. We use Instagram, Tumblr, Facebook, and Twitter to target our consumer base, with emphasis on Instagram as it is the best network to target the customer demographic and to build and maintain branding for our company and each of our branded product lines.

We put the same content on each social platform in order to keep the brand consistent, but the audience engages with each platform differently. This allows the brand to reach all different types of consumers and different audiences. Our Instagram presence is the most pronounced, averaging about 1,000 new followers per week, and this page sees the most engagement as it is an extremely visual platform. We utilize platforms like Twitter and Facebook more for customer service and communicating with customers.

Social media has been a central marketing tactic for Smoke Cartel as it is the best and most efficient way to reach our consumer base. Social media allows consumers to understand and identify with our brand with any post. We focus on creating beautiful images that consumers can relate to, while also maintaining a good stream of engagement with our audience. This strategy includes different themes for different brands, in order to relate to the different types of consumers, and to inspire them about the potential of each product and brand. We also can use social media to directly engage with our target audience by creating conversations on our different social platforms.

Email marketing

We implement an email marketing strategy using an email marketing platform to reach our ever growing list of customers. Email marketing sales made up 13% of total revenue in the past year and 16% of total revenue in the last

90 days. We track orders, revenue, and other analytics from emails that we can use to increase sales and to improve the overall marketing strategy. We plan both “flow” emails and regular email campaigns. Flows are emails that are sent automatically based on customer behavior like cart abandonment, viewing specific products, signing up for a list, repeat customers, or the purchase of a product that can be linked with another product based on consumer trends. Email campaigns are one time emails based around holidays, sales events, or new products and services and are sent to different lists of people, either the master list of email subscribers, or to a customized list based on customer behavior.

SEO

We integrate SEO, or search engine optimization, into all of its marketing and advertising strategies. SEO is important to gain customers organically and it is done through accumulating inbound links, listings on other sites, and establishing a social media presence in order to achieve a higher organic Google, Bing, and Yahoo search ranking for terms related to each part of the business.

Online Advertising

We also run standard PPC (pay-per-click) display ads on cannabis related websites like Leafly, High Times, and other relevant sites that feature retargeting of previous Smoke Cartel website visitors. We have found this to be the most efficient advertising method to target potential customers as they have already visited the Smoke Cartel and have a high interest in making a purchase. We are also able to use Google Adwords for our non-smoking related accessories, which has helped drive more traffic to our site.

Public Relations

We have already received editorial coverage in several well-known publications, and plan to implement a public relations strategy in the future to secure additional coverage as the company grows. We have a relationship with several media outlets in the industry and general news sources. We plan to continue to reach out to relevant media outlets to expand brand awareness, acquire new customers, and improve SEO. Public relations efforts will include developing new ideas and pitches that will provide new angles about us for continual media coverage.

Offline Initiatives

We have mainly focused on online marketing initiatives, but plan on launching a full offline marketing package including physical mailers, catalogs, magazines, brochures, and attending many more trade shows and events.

Events

We currently attend and sponsor events such as glass industry trade shows, cannabis related events, and music festivals. These events provide an opportunity for us to sell products, make connections in the industry, reach our consumer base directly, and improve brand recognition. We plan to increase the number of events we attend and sponsor and we also plan to expand to international trade show events.

Competition

All of our planned wholesale and online retail distribution channels will compete for customers and sales with different companies and products that are competitive today and likely to be even more competitive in the future. Our size relative to our competition is difficult to gauge as most of our competition is privately held and does not publicly report their earnings. Public companies that are most similar and competitive to Smoke Cartel are Namaste Technologies and Kush Bottles, Inc.

Namaste Technologies is traded on the OTC Markets under the symbol NXTFF and is based in Canada. Unlike Smoke Cartel, Namaste Technologies’ business is focused specifically on vaporizers and not glassware and other cannabis accessories. They also currently do not have significant market share in the United States like Smoke Cartel.

Kush Bottles is traded on the OTC Markets under the symbol KSHB. Kush Bottles sells packaging products for the cannabis industry, but they do not focus on glassware or have the same manufacturing capacity as Smoke Cartel. Kush Bottles also has significantly less web traffic than Smoke Cartel. According to Amazon Alexa website traffic rankings as of September 2017, Smoke Cartel is ranked at 13,632 for the most popular website in the United States while Kush Bottles is ranked at 117,383.

Intellectual Property

Thread Cartel, LLC is in the process of trademarking the following product names: Sesh Supply, Kraken, UPC, Smoke Cartel, Cinderwitch, and Glassheads. We have trademarked the logo for UPC and are in the process of trademarking the logo for Smoke Cartel. We also acquired the registered trademarks for Errlybird logo, Errlybird wordmark, Budder Blocks logo, Budder Blocks wordmark, Heady Pet logo, Heady pet wordmark, and Breaking Slabs artwork in the acquisition of Early Bird Distribution.

Regulations

We must comply with federal and state regulations for tobacco products. Tobacco products can only be sold and shipped to customers over the age of 18 or 21 in some states. We are not regulated by federal or state cannabis laws.

Employees

As of the date hereof, the Company has 33 full time employees and 4 part time employees.

7) Describe the Issuer's Facilities

The Company is headquartered at 1313 Rogers St. Savannah, GA 31415. The lease on this property is \$15,200 per month.

8) Officers, Directors, and Control Persons

We have provided below 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 shareholders.

A. Names of Officers, Directors, and Control Persons.

The following are the only control persons of the company, defined as having an officer position, director position or holding 5% or more of any issue of the Company's stock.

Sean Geng – CEO and Director
Darby Cox – COO and Director

B. Legal/Disciplinary History

During the past 10 years, the officers, directors, and control persons of the company have NO disciplinary history whatsoever, and have never had a criminal conviction, entry of a judgment or decree by a court of any jurisdiction that limited his involvement with any type of business, securities, commodities, or banking activities. Furthermore they have never had a finding or judgment against them or any order by self-regulatory organizations of any kind.

C. Beneficial Shareholders.

As of the date of this information statement, the only individuals owning more than 10% of the Company's common or preferred shares is as follows:

10% Shareholders

Sean Geng 1313 Rogers St. Savannah, GA 31415	9,350,000	46%
Darby Cox 1313 Rogers St. Savannah, GA 31415	7,650,000	38%

9) Third Party Providers

Transfer Agent

Globex Transfer, LLC
780 Deltona Blvd.
Suite 202
Deltona, FL 32725
813-344-4490

Legal Counsel

The Doney Law Firm
4955 S. Durango Rd. Ste. 165
Las Vegas, NV 89113
(702) 982-5686

10) Issuer Certification

The Issuer Certification is contained on the next page.

Issuer Certification

I, Sean Geng, certify that:

I have reviewed this entire disclosure for the three months ended March 31, 2018 of Smoke Cartel, Inc. Symbol: SMKC;

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 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.

/s/ Sean Geng

By: Sean Geng, CEO

Date: May 31, 2018

I, Jorge Verar, certify that:

I have reviewed this entire disclosure for the three months ended March 31, 2018 of Smoke Cartel, Inc. Symbol: SMKC;

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 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.

/s/ Jorge Verar

By: Jorge Verar, CFO

Date: May 31, 2018

Exhibit A

Smoke Cartel, Inc.
Financial Statements
(Unaudited)
March 31, 2018

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Smoke Cartel, Inc.
Balance Sheet
March 31, 2018
(Unaudited)

ASSETS	March 31, 2018	December 31, 2017
Current assets		
Cash and cash equivalents	\$ 222,655	\$ 661,131
Inventories	943,001	926,502
Accounts receivable	18,533	-
Prepaid expenses and other current assets	<u>5,850</u>	<u>340</u>
Total current assets	<u>1,190,039</u>	<u>\$ 1,587,973</u>
Deferred income taxes, net	92,043	
Fixed assets, net	135,593	49,654
Intangible assets, net	17,084	22,779
Goodwill	71,898	71,898
Other	<u>27,400</u>	<u>-</u>
 Total assets	 <u>\$ 1,534,057</u>	 <u>\$ 1,732,304</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 399,169	\$ 317,454
Income tax payable	102,622	102,622
Current portion of loans payable	<u>112,244</u>	<u>146,435</u>
Total current liabilities	614,035	566,511
Loans payable	11,339	11,944
Deferred tax liability	<u>-</u>	<u>3,692</u>
	<u>625,374</u>	<u>582,147</u>
Total liabilities		
Common stock; \$0.0001 par value; 380,000,000 shares authorized; 20,275,006 and 20,200,006 shares issued and outstanding as of March 31, 2018 and December 31, 2017, respectively.	2,028	2,020
Stockholders' equity		
Additional paid-in capital	284,872	209,880
Retained earnings	<u>621,783</u>	<u>938,257</u>
Total stockholders' equity	<u>908,683</u>	<u>1,150,157</u>
Total liabilities and stockholders' equity	<u>\$ 1,534,057</u>	<u>\$ 1,732,304</u>

Smoke Cartel, Inc.
Statements of Operations
For the Quarter ended March 31, 2018
(Unaudited)

	Three Months Ended March 31	
	2018	2017
Sales	\$ 1,202,421	\$ 1,490,735
Cost of Sales	522,335	681,036
Gross profit	680,086	809,699
Operating expenses		
General and administrative expenses	219,716	213,996
Advertising and promotion	133,565	112,663
Payroll and related expenses	327,472	262,647
Shipping expenses	166,536	186,090
Officer compensation	70,769	57,521
Professional fees	95,206	5,015
Rent expenses	73,039	59,413
Total operating expenses	1,086,303	897,345
Income (loss) from operations	(406,217)	(87,646)
Other income (expense)		
Interest expense	(6,164)	
Other income	172	2,632
Net loss before income taxes	(412,209)	(85,014)
Income tax benefit	95,735	-
Net loss	\$ (316,474)	\$ (85,014)
Basic and diluted weighted average common shares outstanding	20,220,839	18,999,601
Basic and diluted loss per share	(0.02)	(0.00)

The accompanying notes are an integral part of these financial statements

Smoke Cartel, Inc.
Statements of Cash flows
For the Quarter ended March 31, 2018
(Unaudited)

	<u>31-Mar-18</u>	<u>31-Mar-17</u>
Cash Flows from Operating Activities		
Net (loss) Income	\$ (316,474)	\$ (85,014)
Adjustments to reconcile net loss to net cash (used for) provided by operating activities:		
Amortization	5,695	-
Depreciation	1,635	598
Deferred Taxes	(95,735)	
Deferred Financing Cost	1,496	(3,953)
Changes in assets and liabilities		
Accounts Receivables	(18,533)	
Inventories	(16,499)	-
Prepaid expenses and other current assets	(5,510)	(14,797)
Other assets	(27,400)	
Accounts payable and accrued expenses	<u>81,715</u>	<u>(21,322)</u>
Net cash provided by operating activities	(389,610)	(124,488)
Investing Activities		
Purchase of fixed assets	<u>(87,574)</u>	-
Net cash used in investing activities	<u>(87,574)</u>	-
Cash Flows from Financing Activities		
Proceeds from sale of common stock	75,000	-
Repayments on loans payable	<u>(36,292)</u>	<u>-</u>
Net cash used in financing activities	<u>38,708</u>	<u>-</u>
Net decrease in cash	(438,477)	(124,488)
Cash, beginning of period	<u>661,131</u>	<u>307,309</u>
Cash, end of period	\$ <u><u>222,655</u></u>	\$ <u><u>182,821</u></u>
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ <u><u>4,668</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements

Smoke Cartel Inc.
Notes to the Financial Statements
March 31, 2018 (Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Change of Business

Lemont Inc. ("Lemont") was formed on August 15, 2014 and was engaged in the business of investment activities of spot gold and silver trading. On July 14, 2017, Lemont entered into a Membership Interest Purchase Agreement (the "Purchase Agreement") with Thread Cartel LLC., a privately held limited liability company incorporated under the laws of Georgia ("Smoke Cartel"), and the members of Smoke Cartel. As a result of the transaction (the "Exchange"), Smoke Cartel became our wholly-owned subsidiary. In accordance with the terms of the Purchase Agreement, at the closing an aggregate of 18,999,601 shares of our common stock were issued to the holders of Smoke Cartel in exchange for their membership interests of Smoke Cartel.

For accounting purposes, this is a reverse acquisition with Smoke Cartel (the "Company") being the accounting acquirer of Lemont. For legal purposes, Lemont issued shares to the Smoke Cartel shareholders followed by a merger and recapitalization of Lemont.

Also on July 14, 2017, we entered into an Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations (the "Conveyance Agreement") with a company controlled by our prior officer and director, Wanjun Xie. Pursuant to the Conveyance Agreement, we transferred all assets and business operations associated with spot gold and silver trading to Mr. Xie's company. In exchange, Mr. Xie agreed to cancel 323,300 shares in our company and to assume and cancel all liabilities relating to our former business. As a result of the Purchase Agreement and Conveyance Agreement, we were no longer pursuing our former business plan. Under the direction of our newly appointed officers and directors, we are now an online retailer in the smoking accessories business. Effective August 29, 2017, the Company's name and trading symbol was changed to Smoke Cartel, Inc. (SMKC).

The Company has established a fiscal year end of December 31.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make 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 but are not limited to the estimated useful lives of equipment for purposes of depreciation and the valuation of common shares issued for services, equipment and the liquidation of liabilities.

Cash and Equivalents

Cash and equivalents include investments with initial maturities of three months or less.

Concentration of Credit Risk

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, are accounts receivables and cash and cash equivalents. The Company places its cash and temporary cash investments with credit quality institutions. At times, such investments may be in excess of FDIC insurance limits.

Accounts receivable

Accounts receivable represents trade obligations from customers that are subject to normal trade collection terms, without discounts. The Company periodically evaluates the collectability of its accounts receivable and

Smoke Cartel Inc.
Notes to the Financial Statements
March 31, 2018 (Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

considers the need to adjust an allowance for doubtful accounts based upon historical collection experience and specific customer information. Actual amounts could vary from the recorded estimates. We have determined that as of March 31, 2018 and December 31, 2017, no allowance was required. The majority of sales transactions are paid by the customer with a credit card and are generally collected at the time that revenue is recorded.

Inventories

Inventory consists primarily of merchandise for sale and packaging materials and is valued at the lower of cost or market. Cost is determined using the weighted average method and average cost is recomputed after each inventory purchase or sale. Inventory is periodically reviewed in order to identify obsolete or damaged inventory and impaired values.

Property and Equipment

Property and equipment is recorded at cost and depreciated or amortized using the straight-line method over the estimated useful life of the asset. The estimated useful life by asset description is noted in the following table:

Asset Description	Estimated Useful life (Years)
Furniture and Equipment	3-5
Leasehold Improvement	Term of lease or 3-5 whichever is shorter
Vehicles	5

Additions are capitalized, and maintenance and repairs are charged to expense as incurred. Gains and losses on dispositions of equipment are reflected in other income.

Fixed assets consist of the following at March 31, 2018 and December 31, 2017:

	3/31/2018	12/31/2017
Furniture and Equipment	\$ 22,300	\$ 22,300
Vehicles	35,250	35,250
Leasehold Improvements	87,573	
Accumulated Depreciation	<u>(9,531)</u>	<u>(7,896)</u>
Net Fixed Assets	<u>\$ 135,592</u>	<u>\$ 49,654</u>

Smoke Cartel Inc.
Notes to the Financial Statements
March 31, 2018 (Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Revenue Recognition

Revenue is measured based on the amount of consideration that we expect to receive, reduced by estimates for return allowances, promotional discounts, and rebates. Revenue also excludes any amounts collected on behalf of third parties, including sales and indirect taxes. In arrangements where we have multiple performance obligations, the transaction price is allocated to each performance obligation using the relative stand-alone selling price. We generally determine stand-alone selling prices based on the prices charged to customers or using expected cost plus a margin.

We offer consumer products through our online sales. Revenue is recognized when control of the goods is transferred to the customer, which generally occurs upon our delivery to the carrier or the customer. Product is considered delivered to the customer once it has been shipped and title, risk of loss and rewards of ownership have been transferred. For most of the Company's product sales, these criteria are met at the time the product is shipped. For online sales to individuals, for some and for certain other sales, the Company defers revenue until the customer receives the product because the Company retains a portion of the risk of loss on these sales during transit.

Fair Value of Financial Instruments

The Company measures its financial assets and liabilities in accordance with GAAP. For certain of our financial instruments, including cash, accounts payable, and the short-term portion of long-term debt, the carrying amounts approximate fair value due to their short maturities.

Stock Based Compensation

The Company follows ASC 718-10, Stock Compensation, which addresses the accounting for transactions in which an entity exchanges its equity instruments for goods or services, with a primary focus on transactions in which an entity obtains employee services in share-based payment transactions. ASC 718-10 requires measurement of the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions).

Earnings Per Share

Basic earnings per share amounts are calculated based on the weighted average number of shares of common stock outstanding during each period. Diluted earnings per share is based on the weighted average numbers of shares of common stock outstanding for the periods. There are no potentially dilutive shares outstanding at March 31, 2018 and December 31, 2017.

Impairment Assessment

The Company evaluates intangible assets and long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. This includes but is not limited to significant adverse changes in business climate, market conditions, or other events that indicate an asset's carrying amount may not be recoverable. Recoverability of these assets is measured by comparison of the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate. If the undiscounted cash flows used in the test for recoverability are less than the carrying amount of these assets, the carrying amount of such assets is reduced to fair value. The Company evaluates and tests the recoverability of its goodwill for impairment at least annually during its fourth quarter of each year or more often if and when circumstances indicate that goodwill may not be recoverable. There was no impairment of intangible assets, long-lived assets or goodwill during the periods ended March 31, 2018 and December 31, 2017.

Smoke Cartel Inc.
Notes to the Financial Statements
March 31, 2018 (Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Income Taxes

The Company accounts for income taxes under standards issued by the FASB. Under those standards, deferred tax assets and liabilities are recognized for future tax benefits or consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for significant deferred tax assets when it is more likely than not that such assets will not be realized through future operations.

Prior to the acquisition on July 14, 2017, Smoke Cartel operated as a D.B.A. of Thread Cartel LLC. As an LLC, tax liabilities through July 14, 2017 passed through to the members of Thread Cartel LLC.

Recent Accounting Pronouncements

On January 1, 2018, we adopted the new accounting standard ASC 606, (Topic 606), Revenue from Contracts with Customers and all the related amendments (“new revenue standard”) using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Through our evaluation of the impact of this ASC, we have determined there is no impact to our financial statements resulting from the adoption of Topic 606 as the timing and measurement of revenue remained consistent with Topic 605, although our approach to revenue recognition is now based on the transfer of control. Further, there is no difference in the amounts of the revenue and cost of sales reported in our income statement for the quarter ending March 31, 2018 that were recognized pursuant to Topic 606 and those that would have been reported pursuant to Topic 605.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods, with early adoption permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

NOTE 2– LEASE COMMITMENTS

During 2017 and 2016, the Company had lease commitments for office and warehouse space under lease terms that ranged from three to five years. On January 15, 2018, the Company re-located and leased office and warehouse space in Savannah, Georgia for a term of five years at a total cost for the three years of \$968,364. The Company has negotiated a settlement of its prior lease agreements or has sub-leased the property. The Company also leases warehouse space in California on a month to month basis.

Smoke Cartel Inc.
Notes to the Financial Statements
March 31, 2018 (Unaudited)

NOTE 2– LEASE COMMITMENTS (CONT.)

Future minimum lease payments consist of the following:

Year	Annual
2018	\$ 167,200
2019	\$ 187,416
2020	\$ 193,031
2021	\$ 198,824
2022	\$ 204,786
Thereafter	\$ 17,107
TOTAL	\$ 968,364

NOTE 3– CAPITAL STOCK

The Company's authorized capital is 380,000,000 common shares with a par value of \$0.0001 per share.

As of December 31, 2017, the Company has not granted any stock options. During 2017, the Company issued 18,999,601 shares of common stock to the holders of Smoke Cartel, 150,000 shares of common stock in satisfaction of a note payable, and 50,000 shares in conjunction with the Early Bird acquisition.

During the first three months ended March 31, 2018 the company issued an additional 75,000 shares of common stock for \$75,000

NOTE 4 – LOANS PAYABLE

Loans payable consist of the following:

	March 31, 2018	December 31, 2017
Installment loan payable with interest at 5.1%; monthly payments of \$257; due April, 2023; collateralized by a vehicle	\$ 13,775	\$ 14,364
Installment loan payable with interest at 12.99%; monthly payments of \$13,396; due December 2018; personally guaranteed by a shareholder	114,297	150,000
	128,072	164,364
Less: current portion	(112,244)	(146,435)
Less: unamortized debt issuance costs	(4,489)	(5,985)
	\$ 11,339	\$ 11,944

Smoke Cartel Inc.
Notes to the Financial Statements
March 31, 2018 (Unaudited)

NOTE 5 – SUBSEQUENT EVENT

On May 15, 2018, the Company reached a Settlement Agreement and Mutual General Release with Khalidi Properties, LLC, releasing the Company from the original lease obligations in a final payoff amount of \$12,000. The Company will pay Khalidi Properties, LLC, \$2,000 each month until the final amount is paid off on or before the 5th day of October.