

# **Midori Carbon Inc. (formerly AJA Ventures Inc.)**

**Condensed Consolidated Interim Financial Statements  
Three and Nine Months Ended October 31, 2023  
(Unaudited)**

## **Notice to Reader**

Under National instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

**Midori Carbon Inc. (formerly AJA Ventures Inc.)**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Stated in Canadian Dollars)  
(Unaudited)

	Notes	October 31, 2023	January 31, 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 164,084	\$ 1,645,351
GST receivable		19,075	16,489
Prepaid expenses		1,591	-
Investments	4	1,170,857	304,223
<b>Total current assets</b>		<b>1,355,607</b>	<b>1,966,063</b>
Loan receivable			-
Investment in association	4	8,504	70,818
<b>TOTAL ASSETS</b>		<b>\$ 1,364,111</b>	<b>\$ 2,036,881</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 94,950	\$ 78,799
Demand loans	5	168,611	168,611
Share subscriptions received	6	-	125,730
<b>Total current liabilities</b>		<b>263,561</b>	<b>373,140</b>
<b>Shareholders' Equity</b>			
Common shares	6	10,263,201	10,137,471
Contributed surplus		292,238	292,238
Deficit		(9,454,889)	(8,765,968)
<b>Total equity</b>		<b>1,100,550</b>	<b>1,663,741</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 1,364,111</b>	<b>\$ 2,036,881</b>
<b>Nature and continuance of operations</b>	<b>1</b>		
<b>Commitments</b>	<b>3</b>		
<b>Subsequent events</b>	<b>10</b>		

Approved on behalf of the Board of Directors:

"Mark Rutledge"  
Mark Rutledge, Director

"Kal Hourd"  
Kal Hourd, Director

## Midori Carbon Inc. (formerly AJA Ventures Inc.)

### Condensed Consolidated Interim Statements of Earnings (Loss) and Comprehensive Earnings (Loss)

(Stated in Canadian Dollars)

(Unaudited)

	Notes	Three months ended October 31,		Nine months ended October 31,	
		2023	2022	2023	2022
<b>Expenses</b>					
Consulting fees		\$ 91,097	\$ 47,197	\$ 226,393	\$ 75,083
Filing, listing & transfer agent fees		2,373	1,224	6,560	6,494
General and administrative		2,948	167	14,325	2,894
Management & directors fees	8	55,498	47,295	222,148	94,000
Professional fees		25,330	5,614	64,837	61,653
Promotion & marketing		25,862	-	52,871	-
Salaries & wages	8	90,439	-	184,310	-
Share-based payments	7	-	3,382	-	17,355
Software development	3	542,387	-	642,387	-
Travel		201	-	6,797	-
<b>Loss before other items</b>		<b>(836,135)</b>	<b>(104,879)</b>	<b>(1,420,628)</b>	<b>(257,479)</b>
<b>Other items</b>					
Foreign exchange gain (loss)		(5,529)	(109)	(5,718)	(1,930)
Equity loss on investment in associate	4	-	-	(62,314)	-
Fair value changes on investments	4	162,715	101,067	797,712	(2,478,041)
Gain (loss) on sale of investments	4	2,027	2,774	2,027	(19,374)
<b>Earnings (loss) and comprehensive earnings (loss) for the period</b>		<b>\$ (676,922)</b>	<b>\$ (1,147)</b>	<b>\$ (688,921)</b>	<b>\$ (2,756,824)</b>
<b>Basic and diluted income (loss) per common share</b>					
	6	\$ (0.01)	\$ -	\$ (0.01)	\$ (0.06)
<b>Weighted average number of common shares outstanding</b>					
	6	48,066,563	48,066,563	48,212,404	45,740,014

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

## Midori Carbon Inc. (formerly AJA Ventures Inc.)

### Condensed Consolidated Interim Statements of Changes in Equity

(Stated in Canadian Dollars)

(Unaudited)

	Common Shares		Contributed Surplus	Subscriptions Received in Advance	Deficit	Total
	Number	Amount				
<b>Balance at January 31, 2023</b>	48,066,563	\$ 10,137,471	\$ 292,238	\$ -	\$ (8,765,968)	\$ 1,663,741
Common shares issued	349,250	125,730	-	-	-	125,730
Earnings (loss) for the period	-	-	-	-	(688,921)	(688,921)
<b>Balance at October 31, 2023</b>	48,415,813	\$ 10,263,201	\$ 292,238	\$ -	\$ (9,454,889)	\$ 1,100,550

	Common Shares		Contributed Surplus	Subscriptions Received in Advance	Deficit	Total
	Number	Amount				
<b>Balance at January 31, 2022</b>	41,715,084	\$ 7,903,683	\$ 273,184	\$ 2,392,265	\$ (4,841,674)	\$ 5,727,458
Common shares issued for cash:						
Private placement	6,700,729	2,412,265	-	(2,412,265)	-	-
Share issue costs on private placements	-	(52,747)	-	-	-	(52,747)
Private placement shares returned	(349,250)	(125,730)	-	-	-	(125,730)
Subscriptions received in advance	-	-	-	20,000	-	20,000
Share-based payments	-	-	17,355	-	-	17,355
Earnings (loss) for the period	-	-	-	-	(2,756,824)	(2,756,824)
<b>Balance at October 31, 2022</b>	48,066,563	\$ 10,137,471	\$ 290,539	\$ -	\$ (7,598,498)	\$ 2,829,512

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

# Midori Carbon Inc. (formerly AJA Ventures Inc.)

## Condensed Consolidated Interim Statements of Cash Flows

(Stated in Canadian Dollars)

(Unaudited)

	Nine months ended October 31,	
	2023	2022
<b>Operating Activities</b>		
Earnings (loss) for the period	\$ (688,921)	\$ (2,756,824)
Items not involving cash:		
Share-based payments	-	17,355
Equity loss on investment in associate	62,314	-
Fair value changes on investments	(797,712)	2,478,041
Loss (gain) on sale of investments	(2,027)	19,374
Changes in non-cash working capital items:		
GST receivable	(2,586)	(12,956)
Prepaid expenses	(1,591)	-
Accounts payable and accrued liabilities	16,151	(31,068)
<b>Net cash used in operating activities</b>	<b>(1,414,372)</b>	<b>(286,078)</b>
<b>Investing Activities</b>		
Proceeds from sale of investments	18,700	78,714
Purchase of investments	(85,595)	-
<b>Net cash provided by (used in) investing activities</b>	<b>(66,895)</b>	<b>78,714</b>
<b>Financing Activities</b>		
Repayment of demand loans	-	(48,110)
Subscriptions received in advance	-	20,000
Common shares issued for cash, net of issue costs	-	(52,747)
<b>Net cash provided by (used in) financing activities</b>	<b>-</b>	<b>(80,857)</b>
<b>Change in cash during the period</b>	<b>(1,481,267)</b>	<b>(288,221)</b>
<b>Cash, beginning of period</b>	<b>1,645,351</b>	<b>2,624,648</b>
<b>Cash, end of period</b>	<b>\$ 164,084</b>	<b>\$ 2,336,427</b>
<b>Supplemental Cash Flow Information</b>		
Income taxes paid	\$ -	\$ -
Interest paid (received)	\$ -	\$ -
<b>Non-cash Financing Activities</b>		
Issuance of common shares for share subscriptions	\$ 125,730	\$ -

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

# Midori Carbon Inc. (formerly AJA Ventures Inc.)

## Notes to the Condensed Consolidated Interim Financial Statements

### October 31, 2023

(Stated in Canadian Dollars)  
(Unaudited)

---

#### 1. Nature and Continuance of Operations

Midori Carbon Inc. (formerly AJA Ventures Inc.) (the “Company”), was incorporated under the laws of the Province of Alberta on April 19, 1998 and on July 26, 2002, the Company received a Certificate of Continuance from the Director under the provisions of the Canada Business Corporations Act and discontinued from the jurisdiction of Alberta. On February 11, 2020, the Company continued from under the Canada Business Corporations Act to under the Business Corporations Act (British Columbia). On August 29, 2023, the Company changed its name to Midori Carbon Inc. The Company’s registered office is located at 700 – 400 West Georgia Street, Vancouver, BC, V6B 5A1.

The Company’s shares were previously listed on the TSX Venture Exchange (“TSX-V”), however, its shares have not traded on the TSX-V since 2009. During the year ended January 31, 2022, the Company voluntarily delisted its shares from the TSX-V. The Company’s principal business is the identification and evaluation of assets or businesses in which to invest or acquire.

The Company is currently involved in the carbon credit industry. It has made investments in businesses involved in the voluntary carbon credit industry, such as CRBN Technologies Ltd and Ora Technology PLC, with a view to further identify and participate in that sphere (note 4). It has also conceived and developed its own carbon credit trading platform, and may seek to further commercialize it when management deems it suitable (note 3).

These consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

As at October 31, 2023, the Company had not yet achieved profitable operations, has variable gains and losses depending on the valuations of its investments, and expects to incur further losses in the development of its business. These factors indicate a material uncertainty that may cast substantial doubt on the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is primarily dependent upon its ability to raise financing from equity markets or borrowings and upon successful results from its investments or potential acquisitions. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these financial statements.

The condensed consolidated interim financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

#### 2. Basis of Preparation

##### a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, are unaudited and have been prepared in accordance with IAS 34, *Interim Financial Reporting* (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

**Midori Carbon Inc. (formerly AJA Ventures Inc.)**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**October 31, 2023**  
(Stated in Canadian Dollars)  
(Unaudited)

---

**2. Basis of Preparation (cont'd)**

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's January 31, 2023 annual financial statements.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's last annual financial statements as at and for the year ended January 31, 2023 and filed on SEDAR.com.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published and effective at the time of preparation.

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

These condensed consolidated interim financial statements include the accounts of the following entities:

	<u>Relationship</u>	<u>Percentage</u>	<u>Location of Incorporation</u>
AJA Ventures Inc.	Parent		Canada
1250148 BC Ltd.	Subsidiary	100%	Canada

Inter-company balances and transactions have been eliminated on consolidation.

c) Approval of the financial statements

The condensed consolidated interim financial statements of the Company for the three and nine months ended October 31, 2023 were reviewed by the audit committee and approved and authorized for issue by the Board of Directors on December 28, 2023.

**3. Software Development**

Since early 2023, the Company, Zero Degrees Technology Inc. ("Zero Degrees"), and the sole shareholder (the "Vendor") of Zero Degrees have collaborated on the ideation, conceptualization and development of a proprietary carbon credit trading platform (the "Platform") and related app for the Company. At the time, it was anticipated that the Company would acquire Zero Degrees so as to wholly-own all intellectual property in the Platform and entered into an agreement (the "Purchase Agreement") whereby the Company would acquire all of the issued and outstanding securities of Zero Degrees on a cash free, debt free basis (the "Acquisition").



**Midori Carbon Inc. (formerly AJA Ventures Inc.)**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**October 31, 2023**  
(Stated in Canadian Dollars)  
(Unaudited)

**3. Software Development (cont'd)**

As part of that development, the Company agreed to fund up to GBP350,000 in development expenses with respect to the Platform and as at October 31, 2023, the Company had advanced \$542,387 (GBP320,571) for payment to third party service providers retained by Zero Degrees on the Company's behalf to develop the Platform. These loaned funds were non-interest bearing and unsecured as it was always intended that the work developed, and thus the cost, would be for the sole benefit of the Company.

Subsequently, Zero Degrees and the Vendor were no longer active in the development of the Platform. As such, the Purchase Agreement was terminated and the Acquisition no longer pursued. So as to ensure that any residual intellectual property rights of Zero Degrees and the Vendor in regards to the Platform were properly owned by the Company, as has always been intended, the parties entered into an IP assignment agreement instead, pursuant to which the Vendor will receive 6,750,000 common shares of the Company.

With the cancellation of the Purchase Agreement, the \$542,387 advanced for the development of the Platform were recategorized as software development expenses.

The Company has now completed development of the Midori app. Additionally the app has been approved by Apple for publishing in the App Store for iOS devices. The Company has also redeveloped the backend software that controls both customer and trading data. This was a significant undertaking and will greatly reduce infrastructure costs and improve customer experience when the app is publicly available. The development of the Company's technology is now substantially complete, and the Company will commercialize the app when it considers circumstances suitable.

**4. Investments and Investment in Associate**

	January 31, 2023	Purchases	Dispositions	Change in Fair Value	October 31, 2023
Cellular Goods Plc	\$ 244,223	\$ -	\$ -	\$ (28,173)	\$ 216,050
Filament Ventures Corp.	60,000	-	(16,673)	48,123	91,450
Ora Technology PLC	-	85,595	-	777,762	863,357
	<u>\$ 304,223</u>	<u>\$ 85,595</u>	<u>\$ (16,673)</u>	<u>\$ 797,712</u>	<u>\$ 1,170,857</u>

a) Cellular Goods Plc ("Cellular")

Cellular is a UK based public company with a focus on establishing a premium high-quality, independently tested and compliant CBD consumer product brand. Its shares are listed and traded on the London Stock Exchange. The fair value change of \$28,173 (2022 – loss of \$2,318,041) represents a loss on mark-to-market of Cellular's common shares. During the nine months ended October 31, 2022, the Company sold 2,500,000 common shares for net proceeds of \$78,714 and realized a loss on sale of \$19,374. The Company holds 27,000,000 common shares as at October 31, 2023 (note 10).

**Midori Carbon Inc. (formerly AJA Ventures Inc.)**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**October 31, 2023**  
(Stated in Canadian Dollars)  
(Unaudited)

---

**4. Investments and Investment in Associate (cont'd)**

- b) Filament Health Corp. (formerly Filament Ventures Corp.) ("Filament")

Filament is a Canadian based public company with a focus on being a natural psychedelic drug discovery and extraction company. Its shares are listed for trading on the NEO Exchange. The fair value change of \$48,123 (2022 – loss of \$110,000) represents a gain on mark-to-market of Filament's common shares. During the nine months ended October 31, 2023, the Company sold 85,500 common shares for net proceeds of \$18,700 and realized a gain on sale of \$2,027. The Company holds 914,500 common shares as at October 31, 2023 (note 10).

- c) Ora Technology PLC (formerly JSON Technology Ltd) ("Ora")

The Company acquired 5,000,000 common shares of Ora Technology PLC (formerly JSON Technology Ltd) for \$85,595 (GBP50,000). The Company has a director in common with Ora. On July 20, 2023, the common shares of Ora were listed for trading on the Aquis Stock Exchange. The fair value change of \$777,762 (2022 - \$nil) represents a gain on mark-to-market of Ora's common shares.

- d) CRBN Technologies Ltd ("CRBN")

CRBN is a UK based private company with a focus on developing a carbon credit trading platform. During the year ended January 31, 2023, the Company purchased 43,000,000 common shares for \$554,649 (GBP358,000). The Company's ownership interest in CRBN was reduced to 27% from 30.5% due to CRBN issuing common shares during the three months ended April 30, 2023. For the nine months ended October 31, 2023, the Company's share of CRBN's net loss was \$62,314 (GBP37,260), reducing the Company's net investment in CRBN to \$8,504.

**5. Demand Loans**

Demand loans relate to debts incurred by the Company in prior years. The demand loans are unsecured and are due on demand.

**6. Shareholders' Equity**

- a) Authorized:

An unlimited number of common shares with no par value.

- b) As at October 31, 2023, the Company has issued 48,415,813 common shares. The Company issued 349,250 common shares as part of a \$0.36 private placement from Fiscal 2023 (note 6c).

- c) Subscriptions received in advance:

During the year ended January 31, 2023, the Company closed a private placement by issuing a total of 6,351,479 common shares at \$0.36 per share for gross proceeds of \$2,286,535. As part of this private placement, the Company received share subscriptions in the amount of \$125,730. The Company's transfer agent required further registration instructions from these share subscribers in order to issue share certificates. These share subscriptions were classified as a current liability until such time as the share certificates were issued or the funds were returned to the subscribers. During the nine months ended October 31, 2023, registration instructions were received and the share certificates were issued (note 6b).

**Midori Carbon Inc. (formerly AJA Ventures Inc.)**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**October 31, 2023**  
(Stated in Canadian Dollars)  
(Unaudited)

**6. Shareholders' Equity (cont'd)**

d) Warrants:

The changes in warrants issued during the nine months ended October 31, 2023 are as follows:

	Nine months ended October 31, 2023	
	Number of warrants	Weighted- average exercise price
<u>Balance, beginning and end of period</u>	5,744,453	\$ 0.12

The weighted average remaining contractual life of outstanding warrants at October 31, 2023 was 0.05 years.

Warrants exercisable and outstanding as at October 31, 2023 are as follows:

<u>Expiry Date</u>	Number of warrants	Exercise Price
<u>November 19, 2023</u>	5,744,453	\$0.12

On November 19, 2023, all of the 5,744,453 warrants outstanding expired unexercised.

e) Income (loss) per share:

	Three months ended October 31, 2023	Three months ended October 31, 2022	Nine months ended October 31, 2023	Nine months ended October 31, 2022
<b>Numerator:</b>				
<u>Net income (loss)</u>	\$ (676,922)	\$ (1,147)	\$ (688,921)	\$ (2,756,824)
<b>Denominator:</b>				
Weighted average number of common shares (basic)	48,066,563	48,066,563	48,212,404	45,740,014
Dilutive effect of stock options	-	-	-	-
Dilutive effect of warrants	-	-	-	-
<u>Weighted average number of common shares (diluted)</u>	48,066,563	48,066,563	48,212,404	45,740,014
<u>Basic and diluted income (loss) per common share</u>	\$ (0.01)	\$ -	\$ (0.01)	\$ (0.06)

**Midori Carbon Inc. (formerly AJA Ventures Inc.)**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**October 31, 2023**  
(Stated in Canadian Dollars)  
(Unaudited)

---

**7. Share-based Payments**

The Company has a rolling Stock Option Plan ('Plan') for directors, officers, employees and consultants of the Company. The Company may grant non-transferable options to individuals (which are exercisable over periods of up to ten years) as determined by the Board of Directors of the Company, to buy shares of the Company at the fair market value on the date the option is granted. The maximum number of shares which may be issuable under the Plan cannot exceed 10% of the total number of issued and outstanding shares on a non-diluted basis.

On August 1, 2021, the Company granted 1,250,000 stock options to Directors and officers. Each option is exercisable to acquire one common share at an exercise price of \$0.09 expiring July 31, 2026. The stock options vest as to 25% on date of grant and 12.5% every three months thereafter. As at October 31, 2023, all of the stock options have vested. The weighted average remaining contractual life of outstanding share options at October 31, 2023 was 2.75 years.

**8. Related Party Disclosures**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following is a summary of the related party transactions that occurred during the nine months ended October 31, 2023:

a) Compensation of key management personnel

The Company has determined that key management personnel consist of its Directors, the CEO and CFO.

	October 31, 2023	October 31, 2022
Management fees	\$ 218,148	\$ 94,000
Salaries and wages	133,552	-
Directors fees	4,000	-
Share-based payments - vested stock options	-	17,355
	<u>\$ 355,700</u>	<u>\$ 111,355</u>

As at October 31, 2023, \$12,036 (January 31, 2023 - \$15,000) is owing to related parties and included in accounts payable and accrued liabilities.

**9. Financial Instruments and Capital Management**

The investment operations of the Company's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including interest rate, credit, currency, liquidity and market risk. A discussion of the Company's use of financial instruments and their associated risk is provided below:

**Midori Carbon Inc. (formerly AJA Ventures Inc.)**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**October 31, 2023**  
(Stated in Canadian Dollars)  
(Unaudited)

**9. Financial Instruments and Capital Management (cont'd)**

a) Fair value

The Company classifies its financial instruments using a fair value hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

- Level 1: fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
- Level 3: fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

		October 31, 2023				
		Notes	Level 1	Level 2	Level 3	Total
<b>FVTPL</b>						
Cash			\$ 164,083	\$ -	\$ -	\$ 164,083
Public company shares	4		1,170,857	-	-	1,170,857
			<u>\$ 1,334,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,334,940</u>
		January 31, 2023				
		Notes	Level 1	Level 2	Level 3	Total
<b>FVTPL</b>						
Cash			\$ 1,645,351	\$ -	\$ -	\$ 1,645,351
Public company shares	4		304,223	-	-	304,223
			<u>\$ 1,949,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,949,574</u>

The Company determines transfers between the levels of the fair value hierarchy to have occurred on the date of the event or change in circumstance that caused the transfer. Transfers from fair value Level 3 occur when quoted prices in active markets for identical assets or liabilities become available or inputs other than quoted prices become observable for the asset or liability either directly or indirectly. Transfers to fair value Level 1 occur when quoted prices in an active market for identical assets or liabilities become available.

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments. As at October 31, 2023, amounts reflected in the statements of financial position for cash are carrying amounts and approximate their fair values due to their short-term nature.

The fair value of unquoted investments is established using valuation techniques. These may include the use of recent arm's length transactions, a Black-Scholes option pricing model, discounted cash flow analysis, a probability-weighted expected return model, or a current value method. Where a fair value cannot be estimated reliably, the investment is reported at the carrying value at the previous reporting date.

**Midori Carbon Inc. (formerly AJA Ventures Inc.)**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**October 31, 2023**  
(Stated in Canadian Dollars)  
(Unaudited)

---

**9. Financial Instruments and Capital Management (cont'd)**

The Company assesses at each reporting period whether there is any objective evidence that the unquoted investments are impaired. The unquoted investments are deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future fair value of the investments that can be reliably measured.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk, with the carrying value being the Company's maximum exposure. The Company's cash consists of funds held at a chartered Canadian bank. The Company is required to review impairment of its financial assets at amortized costs at each reporting period and to review its allowance for doubtful accounts for expected future credit losses. The Company minimizes credit risk by performing credit reviews, ongoing credit evaluation and account monitoring procedures.

c) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected as a result of downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. The Company currently generates cash flow primarily from issuances of its common shares. The Company may in the future dispose of certain investments in order to fund obligations as they become due under normal operating conditions.

d) Market risk

The Company is exposed to certain market risk that the value of, or future cash flows from, the Company's financial assets will significantly fluctuate due to changes in market prices. The value of the financial assets may be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in its investments, and unfavorable market conditions could result in dispositions of investments at less than favorable prices. Additionally, the Company is required to mark to market its FVTPL investments at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavorable effect on the Company's financial position.

The Company's investments include public company shares. The following table shows the estimated sensitivity on the statement of earnings (loss) and comprehensive earnings (loss) for the nine-month period ended October 31, 2023 of the closing price of the Company's public company shares with all other variables held constant as at October 31, 2023:

Percentage of change in closing prices	Change in earnings and comprehensive earnings from % increase in closing price	Change in earnings and comprehensive earnings from % decrease in closing price
5%	\$58,543	\$(58,543)
10%	\$117,086	\$(117,086)

**Midori Carbon Inc. (formerly AJA Ventures Inc.)**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**October 31, 2023**  
(Stated in Canadian Dollars)  
(Unaudited)

---

**9. Financial Instruments and Capital Management (cont'd)**

e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as cash only comprised bank account balances as of October 31, 2023. The Company had no interest rate swaps as at or during the nine months ended October 31, 2023.

f) Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Financial instruments that impact the Company's earnings or loss due to currency fluctuations include foreign currency denominated assets and liabilities. The Company does not use derivative instruments or hedges to manage currency risks. The sensitivity of the Company's earnings or loss due to changes in the exchange rate between the foreign currency and Canadian dollar is included in the table below:

Currency denomination	Investments	Effect of +/- 10% change in currency
United Kingdom	\$ 1,079,407	\$ 107,941

g) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to identify and acquire new investments or business opportunities. The Company does not have any externally imposed capital requirements to which it is subject. The Company considers the aggregate of its cash and common shares as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new common shares; issue debt; acquire or dispose of assets; or adjust the amount of cash.

Most of the Company's investments are in the early stage of development and are not producing positive cash flow. As such, the Company is dependent on external financing to fund its activities. In order to carry out operations, the Company will spend its existing working capital and raise additional amounts as needed.

**10. Subsequent Events**

Subsequent to October 31, 2023, the following transactions occurred:

- The Company disposed of all of its 27,000,000 common shares of Cellular for net proceeds of \$205,658.
- The Company disposed of 86,500 common shares of Filament for net proceeds of \$14,521.