MIDORI CARBON INC.
INTERIM MD&A – QUARTERLY HIGHLIGHTS
FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2024

Introduction

This Management Discussion and Analysis – Quarterly Highlights ("Quarterly Highlights") for Midori Carbon Inc. (the "Company") is prepared as at December 18, 2024 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended October 31, 2024 and in conjunction with its audited consolidated financial statements as at and for the year ended January 31, 2024.

The unaudited condensed consolidated interim financial statements for the three and nine months ended October 31, 2024, and comparative information presented therein, have been prepared in accordance with International Financial Reporting Standard ("IFRS") and with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB").

All dollar figures included therein and in the following Quarterly Highlights are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements include statements regarding:

- the ability of the Company to identify businesses to invest in or acquire, and the ability to complete such investment or acquisition;
- the ability of the Company to obtain necessary financing;
- the Company's future liquidity and financial capacity; and
- costs, timing and future plans concerning the business and operations of the Company.

Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks have not been fully delineated by the Company at this time, but are expected to include the risks associated with the Company's ongoing identification, analysis and, if thought desirable, investment in or acquisition of target businesses, and the attendant risks associated therewith (such as not completing any such investments or acquisitions, and having no operating history), the Company's business, consolidated financial condition, results of operations and prospects following any such investments or acquisitions; the anticipated effect of such investment or acquisition on the Company's operations, financial condition, size, reach and overall strategy; and the Company's growth strategy, opportunities and its ability to realize thereon after the completion of any investments or acquisitions; its inability to generate or obtain funds for operations; changing economic conditions, financial market volatility, and to other factors that adversely affect the Company; regulations and laws governing the Company; and dependence upon the efforts, skill and business contacts of key members of management. Readers are cautioned not to place undue reliance on these forward-looking statements.

Description and Overview of Business

Stock Exchange Listing

During the nine months ended October 31, 2024, the Company applied to the Canadian Securities Exchange ("CSE") to have its shares listed. The Company received final approval to list its common shares on the CSE and on September 20, 2024, trading commenced under the ticker symbol "MIDO". The Company's shares were previously listed on the TSX Venture Exchange ("TSX-V") and during the year ended January 31, 2022, the Company voluntarily delisted its shares from the TSX-V.

Software Development and Zero Degrees Technology Inc.

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").

As part of that development, the Company agreed to fund up to GBP350,000 in development expenses with respect to the Platform and the Company had advanced $542,387 (GBP320,571) during fiscal 2024 for payment to a software development company 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 received 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 software development expenses included such tasks as: system and UI/UX design for the Platform app on iOS, and additional follow-on development work; Platform backend design build in C# using microservices in Node JS; application program interface design for Platform transactions; Canadian banking and payment provider integration; Carbon Credit OTC integration; quality assurance testing; launch services with respect to release of the Platform app to the Apple iOS app store; development, quality assurance and production environments on Google Cloud platform and analogous work with respect to Android systems; and establishment of tracking and analytics functions.

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.

The development of the app is part of the Company's overall business model, focused on acquiring, managing and growing a high-quality and diversified portfolio of carbon credit investments directly through its own projects, such as the Platform, and indirectly through investing in companies that generate or are actively involved, directly or indirectly, with voluntary or compliance carbon credits.

Analysis of the Company's Financial Performance and Condition

The development of the Company's technology is now substantially complete and the Company will commercialize the app when it considers circumstances suitable. As such, the Company has reduced head count and related expenditures in order to conserve cash.

Three Months Ended October 31, 2024

The Company reported a loss of $309,682 (2023 - $676,922) and a loss per share of $0.01 (2023 - $0.01) for the three months ended October 31, 2024.

For the three months ended October 31, 2024 and 2023, the differences and changes in expenditures were as follows:

- For the three months ended October 31, 2024, the Company reported an unrealized loss on fair value changes on investments of $212,327 due to the mark-to-market losses of 1) $141,948 of Ora Technology PLC; 2) $65,509 of Flex Labs Inc.; 3) $4,980 of Filament Health Corp. For the three months ended October 31, 2023, the Company reported an unrealized gain on fair value changes on investments of $162,715 due to 1) the mark-to-market loss of $126,884 of Cellular Goods Plc; 2) the mark-to-market loss of $86,877 of Filament Health Corp.; and 3) the mark-to-market gain of $376,476 of Ora Technology PLC.
- Software development expenditures were $nil (2023 - $542,387). As described above in the Software Development and Zero Degrees section, the Company recategorized the $542,387 of advances to Zero Degrees for the development of the Platform as software development expenses to coincide with the cancellation of the Purchase Agreement.
- Consulting fees were $nil (2023 - $91,097) and were incurred for administrative services, fees incurred in the build out of the Company's carbon credit trading platform for the retail market, and transaction and strategic business development advice provided to the Company.
- Filing, listing and transfer agent fees were $24,266 (2023 - $2,373) and consisted of $20,000 (2023 - $nil) of Canadian Stock Exchange listing fees.
- Management and directors fees were $36,175 (2023 - $55,498) and were composed of $34,000 (2023 - $48,500) paid to directors of the Company; and $2,175 (2023 - $6,998) paid to the Company's CFO.
- Professional fees were $23,970 (2023 - $25,330) and were composed of $2,745 of (2023 - $nil) of accounting and audit fees and $21,225 (2023 - $25,330) of legal fees.
- Promotion and marketing was $nil (2023 - $25,862) and consisted of corporate rebranding work in regards to the Company's movement into the carbon credit ecosystem.
- Salaries and wages were $nil (2023 - $90,439) and were paid to the Company's new CEO hired in March 2023 and two additional employees hired during the three months ended July 31, 2023.
- Share-based payments were $5,112 (2023 - $nil) due to the grant of 500,000 stock options to a director on October 1, 2024.

Nine Months Ended October 31, 2024

The Company reported a loss of $1,112,537 (2023 - $688,921) and a loss per share of $0.02 (2023 - $0.01) for the nine months ended October 31, 2024.

For the nine months ended October 31, 2024 and 2023, the differences and changes in expenditures were as follows:

- For the nine months ended October 31, 2024, the Company reported an unrealized loss on fair value changes on investments of $224,661 due to the mark-to-market losses of 1) $23,505 of Filament Health Corp.; 2) $150,330 of Ora Technology PLC; and 3) $51,488 of Flex Labs Inc. For the nine months ended October 31, 2023, the Company reported an unrealized gain on fair value changes on investments of $797,712 due to 1) the mark-to-market loss of $28,173 of Cellular Goods Plc; 2) the mark-to-market gain of $48,123 of Filament Health Corp.; and 3) the mark-to-market gain of $777,762 of Ora Technology PLC.

- The Company reported an equity loss on investment in associate of $nil (2023 - $62,314). In late fiscal 2024, the Company changed its method of accounting for CRBN from the equity method to that of a financial asset – equity investment.
- Consulting fees were $nil (2023 - $226,393) and were incurred for administrative services, fees incurred in the build out of the Company's carbon credit trading platform for the retail market, and transaction and strategic business development advice provided to the Company.
- Filing, listing and transfer agent fees were $34,292 (2023 - $6,560) and consisted of $25,000 (2023 - $nil) of Canadian Stock Exchange listing fees.
- Management and directors fees were $105,813 (2023 - $222,148) and were composed of $94,000 (2023 - $207,500) paid to the directors of the Company; and $11,813 (2023 - $14,648) paid to the Company's CFO.
- Professional fees were $58,963 (2023 - $64,837) and were composed of $2,745 (2023 - $2,150) of accounting and audit fees and $56,216 (2023 - $62,687) of legal fees.
- Promotion and marketing was $nil (2023 - $52,871) and consisted of corporate rebranding work in regards to the Company's movement into the carbon credit ecosystem.
- Salaries and wages were $nil (2023 - $184,310) and were paid to the Company's new CEO hired in March 2023 and two additional employees hired during the three months ended July 31, 2023.
- Share-based payments were $5,112 (2023 - $nil) due to the grant of 500,000 stock options to a director on October 1, 2024.
- Software development expenditures of $675,000 (2023 - $642,387) were incurred via the issuance of 6,750,000 common shares for the assignment of all of the residual intellectual property rights in regards to the Platform in 2024.

Liquidity, Capital Resources, and Changes to Expense Structure

As at October 31, 2024, the Company's cash position was $78,169 (January 31, 2024 - $250,985) and it had working capital of $627,824 (January 31, 2024 – $1,060,249).

Sources of cash for the Company included $17,651 of proceeds from sales of investments.

Uses of cash by the Company included $190,467 for operating activities.

As the Company does not currently carry active operations that generate cash flows, the continuing operations of the Company are primarily dependent on its ability to raise future financing. No assurance or guarantee can be given that the Company will find sources of funding.

Related Party Transactions

During the nine months ended October 31, 2024, the Company incurred the following transactions with key management and directors and entities related to key management and directors in the normal course of operations:

- paid $72,000 for management fees to Carraway Capital Corporation, a private company controlled by Mark Rutledge, director and CEO;
- paid $22,000 for directors fees to Letter 4 Consulting Ltd., a private company controlled by Darcy Taylor, director; and
- paid $11,813 for management fees to Andrew Stewart, CFO.

Risks and Uncertainties

Until the Company decides to further commercialize and launch the Platform and is able to generate revenues and profits through same, the Company will not have any cash generating assets and will remain reliant on equity and debt financings in order to maintain operations and/or to participate in any new acquisitions. These additional capital funds may not be available on terms acceptable to the Company or at all. There is no assurance that the Company will complete the commercialization or launch of the Platform, nor that the Company will identify any other businesses or assets that warrant acquisition or participation.

The success of the Company may be affected by general economic, political and market conditions, such as interest rates, inflationary pressures and risks of economic recession, economic uncertainty, and national and political circumstances.

The results of the United States of America ("U.S.A.") election in November 2024 and the resulting change in the U.S.A. government in January 2025 could have a negative impact on global carbon credit markets going forward. A potential reduction in federal-level climate regulations and a focus on boosting traditional energy sectors, like oil and gas, could reduce the U.S.A.'s demand for carbon offsets. This could discourage investment in renewable energy projects and emissions-reduction initiatives. While it is possible that the potential U.S.A. federal retreat from climate policies may spur more substantial commitments from states, corporations, and international markets to fill the gap, the change in the U.S.A. government has created uncertainty as to the direction of the global carbon credits market in the near term.