SATO TECHNOLOGIES CORP.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

May 16, 2023

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GLOSSARY

"**$**" means Canadian dollars, unless indicated otherwise; Canadian dollars are also indicated as "C$" or "CAD".

"**AML**" means Anti-Money Laundering and refers to the laws, regulations and procedures intended to prevent criminals from disguising illegally obtained funds as legitimate income.

"**ASIC**" means an application-specific integrated circuit customized for Mining.

"**Bitcoin**" is the name of a protocol that allows people to transfer value in a decentralized way, without the need for intermediaries and without the need to trust any counterparty. "Bitcoin" also refers to the name of a distributed ledger called "Blockchain" that stores any valid transaction in the network. Finally, "Bitcoin" is the name of the native currency of the protocol, "₿" is its symbol and "BTC" its currency code.

"**Bitcoin Cash**" is a derivative of Bitcoin with the primary objective of accelerating transactions mainly by increasing the Block size.

"**Bitcoin Gold**" is a derivative of Bitcoin with a different proof of work algorithm that allows people to mine with regular computers instead of specialized ones.

"**Bitcoin Network**" is the network of computers running the software protocol underlying Bitcoin, which maintains the database of Bitcoin ownership and facilitates the transfer of Bitcoin among parties.

"**Bitcoin Shareholder Loans**" means loans contracted with shareholders whereby a total of 118.46 Bitcoins were borrowed by CCU Inc. The Bitcoin Shareholder Loans were repayable in Bitcoin according to pre-established phases. CCU Inc. was also required to pay a percentage of the contribution margins (50%) of the Mining Rigs acquired for a period of 18 months after the principal repayment.

"**Block**" means a bundle of data where transactions are permanently stored into the Blockchain. If the Blockchain is a ledger then Blocks are pages of this ledger. Blocks are linked one to the other to constitute a Blockchain. If a new and valid Block contains the cryptographic fingerprint (the Hash) of the previous Block number n, then this Block is a candidate to be the Block number n+1 of the Blockchain. A Block is permanently added to the Blockchain when actors of the network agree on the validity of the Block by mentioning it into new Blocks. Adding Blocks to the Blockchain is not easy; this is the job of Miners that are rewarded for that.

"**Blockchain**" is a growing list of Blocks that are linked together using cryptography.

"**Block Reward**" means the number of Bitcoins that the discoverer of a Block may award themselves upon discovery of a Block, such number being agreed upon by all participants in the Bitcoin Network, and such number being currently set at 6.25 Bitcoins, which number will halve every 210,000 Blocks (expected to be approximately every four years).

"**BTC**" or "**XBT**" are currency codes for Bitcoin.

"**Canadian Securities Legislation**" means the applicable securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the Securities Regulatory Authorities.

"**Capricorn**" means Capricorn Business Acquisitions Inc., the former name of the Company.

"**Capricorn Shares**" means common shares in the capital of Capricorn, prior to the completion of the RTO.

"**CCU Inc.**" means Canada Computational Unlimited Inc., a wholly-owned subsidiary of the Company.

"**Company Options**" means the stock options of the Company, which are exercisable into Company Shares and are subject to the terms and conditions of the Stock Option Plan.

"**Company Shares**" means the common shares of the Company.

"**Company Warrants**" means the warrants of the Company, which are exercisable into Company Shares in accordance with their terms.

"**CPC Escrow Agreement**" means the TSXV Form 2F CPC Escrow Agreement dated December 29, 2009, as supplemented on March 17, 2017, among Capricorn, Computershare Trust Company of Canada, as successor to Olympia Transfer Services Inc., and certain Capricorn Shareholders, pursuant to which the CPC Escrow Shares are currently held in escrow.

"**CPC Escrow Shares**" means the 276,895 Company Shares held in escrow pursuant to the CPC Escrow Agreement.

"**CRA**" means the Canada Revenue Agency.

"**Cryptocurrency**" means a digital asset designed to work as a medium of exchange wherein individual coin ownership records are stored in a ledger existing in a form of a computerized database using strong cryptography to secure transaction records, to control the creation of additional coins, and to verify the transfer of coin ownership.

"**Custodian**" means a specialized institution that stores securities and other assets on behalf of institutional investors to minimize the potential risk of loss or theft.

"**Custody**" means a solution to secure Cryptocurrencies. Blockchain protocols natively offer custody solutions to users, but third-party services are frequently used by companies, hedge funds and other organisations to implement complex custody schemes.

"**Denial of Service Attack**" or "**DoS Attack**" means a cyber-attack in which the perpetrator seeks to make a machine or network resource unavailable to its intended users by temporarily or indefinitely disrupting services of a host connected to the Internet.

"**Difficulty**" is a measure of how difficult it is to mine a Block in terms of computing power and energy spent: to be able to add Blocks to the Blockchain, Miners have to solve a problem and the

difficulty of this problem is adjusted approximately every two weeks by the protocol to compensate the entry or exit of Miners and the improvement of mining computers.

"**Electricity Services Agreement**" means the electricity services agreement, dated as of June 28, 2018, entered into between CCU Inc. and the City of Joliette, pursuant to which the Company has access to 20 MW of electrical power and a reserve of 7,920,000 kWh at a general rate for large-power customers (LG tariff rate), as renewed until June of 2028.

"**ESG**" or Environment, Social and Governance means a set of standards for a company's operations that socially conscious investors use to screen potential investments.

"**Ether**" is the native Cryptocurrency of the Ethereum Blockchain.

"**Ethereum**" is a decentralized Blockchain with smart contract capabilities. It means that one can execute code directly on the Blockchain in a decentralized way. It is the most used Blockchain for decentralized finance (decentralized insurances, lending, borrowing, trading, etc.). Ethereum is the second largest Blockchain regarding capitalization.

"**Ethereum Classic**" is the original Ethereum Blockchain that was dropped out by the founders after a huge hack to build Ethereum, the same Blockchain but cancelling the consequences of the hack. Ethereum Classic chose to continue even with the bad consequences of the hack.

"**Exchange**" or "**TSXV**" means the TSX Venture Exchange Inc.

"**Exchange Policy 2.4**" means Exchange Policy 2.4 – Capital Pool Companies of the Corporate Finance Manual of the TSXV.

"**Final Exchange Bulletin**" means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

"**Full-Pay-Per-Share**" is a payment method for Miners working in Mining Pools where Miners get paid for each valid contribution to the pool, plus a part of the transaction fees included in Blocks.

"**Halving**" means the process whereby the Block Reward is divided by two after each set of 210,000 Blocks is mined, which is expected to occur approximately every four years.

"**Hash**" means a fixed length number which is the output that a Hash Function returns from any input data. In the Bitcoin protocol, Hashes are used to build mathematical lockers to lock Bitcoins to someone and their mathematical properties are also used to design the problems that Miners need to solve to be able to add a Block to the Blockchain.

"**Hash Functions**" means the mathematical tool or algorithm that transforms any data into a fixed length number, which is significantly used in the Cryptocurrency space due to the interesting properties of such functions.

"**Hashrate**" means the number of Hash operations per unit of time, commonly expressed in terahash per second (THs, 1012 Hash per second) or petahash per second (PHs, 1015 hash per second);

"**HODL**" is a term originating from a 2013 Bitcoin talks forum post after a mistake made by a user who wanted to type HOLD. In the Cryptocurrency language, HODL means not to sell your digital assets, even if the market is crashing.

"**Hosting**" means the commercial activity whereby a host company (such as a Data Centre) rents space, for a fee that is often based on a price per kWh, to host ASIC or Cryptocurrency Mining Rigs, to other companies.

"**Hydro-Québec**" is a public utility that manages the generation, transmission and distribution of electricity in the Province of Québec, Canada, as well as the export of power to portions of the Northeast United States.

"**Hydro-Joliette**" is the municipal electricity company of the City of Joliette, which manages power from Hydro-Québec and redistributes it to its customers in Joliette, Québec.

"**IFRS**" means the International Financial Reporting Standards as adopted by the International Accounting Standards Board.

"**Insider**" if used in relation to an issuer, means:

- a director or senior officer of an issuer;
- a director or senior officer of a Company that is an Insider or subsidiary of an issuer
- a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of an issuer; or
- an issuer itself if it holds any of its own securities.

"**Joliette Facility**" means the facility operated by SATO located at 289 Dugas Street, Joliette, Québec, J6E 4H1, Canada.

"**Lightning Network**" is a layer two protocol for Bitcoin that is layered on top of the Bitcoin Blockchain to allow cheap and instant payments; the Lightning Networks is a set of Nodes connected one to the other by payment channels; connecting a channel between Nodes is a way for them to create many transactions with a constant cost; the cost is to open and close the channel because there is a need to manipulate the Bitcoin Blockchain; if a channel is involved in 1000 transactions, it means that in a certain way the channel opening and closing costs can be divided among those 1000 transactions.

"**MD&A**" means management's discussion and analysis.

"**Miner**" means an entity that runs specialized computers that try to solve the proof of work problem to add Blocks to the Blockchain.

"**Mining**", "**Mining Operation**", or "**Cryptocurrency Mining**" is the process of validating and securing transaction records to Bitcoin's public ledger.

"**Mining Centre**" means the operating space with electricity and performant conditions to run Mining Equipment effectively.

"**Mining Pool**" means the pooling of resources by Miners, who share their processing power over a network, to split the reward equally, according to the amount of Mining Power they contributed to the probability of finding a Block.

"**Mining Pool Operator**" means the software developed by a Mining Pool to distribute computations among participating Miners, verify Miners' contribution and distribute rewards to each Miner.

"**Mining Power**" means the total number of Hash provided by the Mining Operation.

"**Mining Rig**" or "**Mining Equipment**" means a single computer system that performs the necessary computations for Mining.

"**MPC Wallet**" means multi-party computing Wallet.

"**Multi-Signature**" is a way to lock Bitcoins and other Cryptocurrencies to multiple users, which is useful for Companies who want to distribute spending rights to multiple co-founders or members of a board of associates for instance, allowing advanced users to store Cryptocurrencies with higher security.

"**NEX**" means the market on which former Exchange issuers that do not meet the Exchange's trading maintenance requirements for Tier 2 Issuers may continue to trade.

"**Nodes**" are computers that run the Bitcoin software and receive in real time new Blocks and transactions. Bitcoin Nodes can be used by Miners to broadcast new Blocks or by any person who wants to synchronise a copy of the Blockchain and verify it. Nodes are connected to each other in the Bitcoin Network.

"**OBCA**" means the Business Corporations Act (Ontario), including the regulations promulgated thereunder, as amended.

"**OTC**" means "over the counter" and refers to trades that oSATOr between two counterparties outside market places such as exchanges. For instance it is used by companies that need to trade an asset that is not liquid enough on usual exchanges so that it would move the market.

"**Person**" means a Company or individual.

"**Promoter**" has the meaning ascribed thereto in the Securities Act (Ontario);

"**Proof of Work**" or "**PoW**" means the system used by the Bitcoin protocol to ensure that Miners are working for the good of the network, through the mathematical proof that a Miner expended a computational effort to secure the Blockchain, which proof is easily verifiable by the other participants (through majority approval) in the Bitcoin Network with minimal computing effort.

"**Qubit**" means quantum bit, i.e. the quantum analogue of a classical bit in computer science; traditional computers encode information into bits, quantum computers do the same with qubits.

"**Qualifying Transaction**" means a transaction in which a CPC acquires significant assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

"**RTO**" means the transaction pursuant to which the Company acquired indirectly all of the CCU Inc. Shares.

"**SATO**" or "**Company**" means SATO Technologies Corp., together with its wholly-owned subsidiaries.

"**Securities Regulatory Authorities**" means the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian Securities Legislation in force in such province or territory.

"**SEDAR**" means System for Electronic Document Analysis and Retrieval.

"**SHA**" means Secure Hash Algorithm and relates to a family of cryptographic Hash Functions.

"**SHA-256**" means a Hash Function that returns a 256-bit Hash and thus generates verifiably unpredictable numbers in a way that requires a predictable amount of CPU effort; generating a SHA-256 Hash with a value less than the current target solves a Block and makes the relevant Miner or Mining Pool win the Block Reward; SHA-256 is the mathematical tool used by the Bitcoin Protocol as Proof of Work to transform energy consumption into Bitcoin security; it is also used by Bitcoin to reduce the size of the Blockchain and to increase privacy by hiding public keys.

"**Stock Option Plan**" means the stock option plan of the Company in effect from time to time.

"**Taproot**" is the name of a technology and a Bitcoin upgrade proposal that will change the way Bitcoin cryptographic lockers operate. It will reduce transaction fees, significantly increase privacy and improve Wallet functionalities to secure Bitcoins.

"**Tax Act**" means the Income Tax Act (Canada) and the regulations promulgated thereunder, as amended.

"**Transaction Fee**" is a charge that a business has to pay every time it processes a customer's electronic payment.

"**TSXV Manual**" means the Corporate Finance Manual of the TSXV.

"**United States**" or "**U.S**." means the United States of America, its territories and possessions.

"**US$**" or "**USD**" means United States dollars.

"**Wallet**" refers to a software or hardware that helps the user to store and manage his funds.

"**Watt**", "**kW**" or "**MW**" are units of power; each refers to electricity and measures the amount of energy in a given time. For instance, 1 watt corresponds to 1 joule of energy during 1 second; the more watts a machine needs to work, the more energy it will consume but the more power it will be able to deliver.

INTRODUCTORY NOTES

Date of Information

In this annual information form ("**AIF**"), SATO Technologies Corp., together with its subsidiaries, Canada Computational Unlimited Inc., and SATO Corp., as the context requires, is referred to as the "**Company**" and "**SATO**". All information contained in this AIF is current as of December 31, 2022, unless otherwise stated.

Reference is made in this AIF to the Financial Statements and MD&A for SATO for the years ended December 31, 2022 and 2021, together with the auditor's report thereon. The Financial Statements and MD&A are available for review, under SATO's profile on the SEDAR website located at www.sedar.com.

All financial information in this AIF for Fiscal 2022 has been prepared in accordance with IFRS.

Cautionary Note Regarding Forward-Looking Information and Statements

This AIF contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "scheduled", "continues", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking information and statements include, but are not limited to, statements with respect to:

- business objectives and milestones of SATO;
- management's outlook regarding future trends;
- SATO's future plans, business objectives and milestones;
- SATO's strategies and objectives, both generally and in respect of its digital currency assets;
- the future price of Cryptocurrencies;
- the Company's anticipated future revenues;
- the Company's ability to purchase additional Mining Equipment and make infrastructure improvements;
- the anticipated Hashrate of the Mining Rigs operated by the Company;
- the Company's expected power needs and future arrangements relating to the provision of power to the Company's Mining Rigs;
- the Company's intention to utilize surplus renewable energy for its facilities;
- the potential for renewal of the Electricity Services Agreement;
- the Company's ability to hire and retain skilled personnel and executives;
- the Company's expansion plans, for the Joliette Facility and otherwise;
- the Company's ability to develop and enhance proprietary software to assist in the management of its Mining Operations;

- future acquisitions and/or investments in technology companies operating in the cryptocurrency space;
- the Company's ability to meet its financial obligations when they come due;
- changes to governmental laws and regulations, including but not limited to changes in laws and regulation applicable to cryptocurrency, environmental protection and the provision of hydro-electricity; and
- general business, political and economic conditions.

Forward-looking information and statements are based on the current expectations, beliefs, assumptions, estimates and forecasts about the Company's business and the industry and markets in which it operates. Forward-looking information and statements are made based upon numerous assumptions. Although the assumptions made by the Company in providing forward looking information or making forward looking statements are considered reasonable by management at the time, there can be no assurance that such assumptions will prove to be accurate.

Forward-looking information and statements also involve known and unknown risks and uncertainties and other factors, which may cause actual results, performance and achievements of the Company to differ materially from any projections of results, performance and achievements of the Company expressed or implied by such forward looking information or statements. Such factors include, but are not limited to, risks related to:

- the global economic, political and public health situation;
- the future demand and adoption of cryptocurrencies;
- the Company's need for significant electrical power and reliable mining equipment;
- the ability of the Company to mine cryptocurrency successfully and to derive revenue from hosting services;
- volatility in market prices of cryptocurrencies and the Company's ability to generate profit from mining;
- regulatory changes that might restrict the use of cryptocurrencies;
- the Company's reliance on skilled personnel and executives;
- the exposure of the Company's systems or wallet, and the blockchain networks in general, to potential cybersecurity threats, hacks and malicious actors; and
- such other matters set out in this AIF under the heading *Risk Factors*.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information or statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

There can be no assurance that such information or statements will prove to be accurate, as actual results and future events could differ materially from those anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information or statements. The forward-looking information and statements contained in this AIF are made as of the date of this AIF and, accordingly, are subject to change after such date. The Company

does not undertake to update or reissue forward looking information as a result of new information or events except as required by applicable law.

Currency and Exchange Rates

All currency amounts in this AIF are expressed in Canadian dollars unless otherwise indicated.

CORPORATE STRUCTURE

Name, Address, and Incorporation

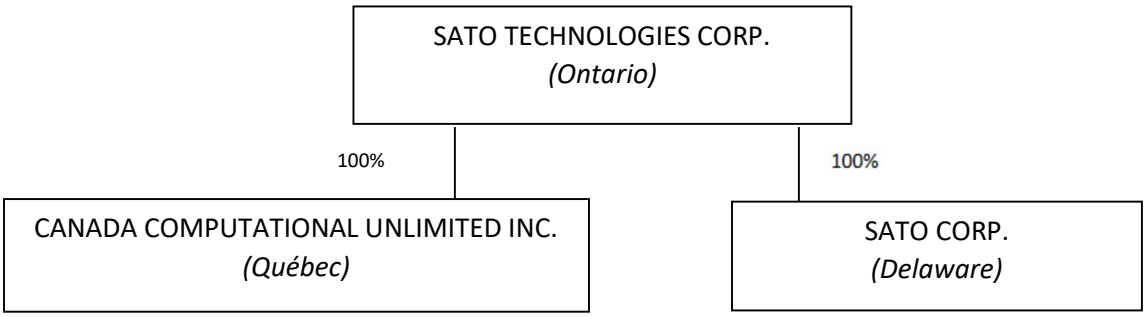
The full corporate name of the Company is "SATO Technologies Corp." The Company was incorporated under the OBCA on May 7, 2008 as "Capricorn Business Acquisitions Inc.". The Company filed Articles of Amendment on September 5, 2008, to remove private company restrictions in order to facilitate a public offering of Capricorn Shares. On April 28, 2009, the Company filed Articles of Amendment to effect a 2:1 share split of the Capricorn Shares. The Company filed Articles of Amendment on March 21, 2017 to effect a 3:1 share split of the Capricorn Shares. The Company filed Articles of Amendment on September 7, 2021 to effect a consolidation of the Capricorn Shares on the basis of 2.7 pre-consolidation shares for each post-consolidation share (on a consolidated basis, the "Company Shares") and to change its name to "Canada Computational Unlimited Corp." Pursuant to a plan arrangement completed on September 7, 2021, 9442-4868 Québec Inc., a wholly-owned subsidiary of the Company, amalgamated with CCU Inc. The Company filed Articles of Amendment on June 8, 2022 to change its name to "SATO Technologies Corp."

The registered office and head office address of the Company is 66 Wellington Street West, Suite 5300, Toronto, Ontario M5K 1E6. The address of the Company's primary place of business is 289 Dugas Street, Joliette, Québec J6E 4H1.

The Company Shares are listed for trading on the TSXV under the symbol "SATO".

Intercorporate Relationships

The Company has two wholly owned subsidiaries: Canada Computational Unlimited Inc. ("**CCU Inc.**"), incorporated under the laws of Québec, and SATO Corp., incorporated under the laws of Delaware.



GENERAL DEVELOPMENT OF THE BUSINESS

Prior to the RTO, Capricorn was a Capital Pool Company (as defined in Exchange Policy 2.4), and its principal business activities were to identify and evaluate opportunities for the acquisition of an interest in assets or businesses with a view to completing a Qualifying Transaction and, once identified and evaluated, to negotiate an acquisition or participation in such assets or businesses. The RTO was Capricorn's Qualifying Transaction.

On September 7, 2021, the Company completed the RTO and the Company Shares commenced trading on the TSXV on September 16, 2021, under the symbol "SATO". Since 2021, the Company has operated a Bitcoin Mining Centre utilizing power from hydro-electric generation, growing to a 20 MW operation.

History of SATO

CCU Inc. has, since 2017, operated a data Centre in Joliette, a city in southwest Québec, Canada, along the banks of the L'Assomption River 50 kilometres northeast of Montréal, approximately 45 minutes from the Montréal International Airport. Québec is an ideal location to operate a professional Cryptocurrency Mining Centre given its abundance of stable, competitively priced and renewable energy from hydro-electric generation, its cold climate which facilitates efficient heat recycling, and its stable political environment.

CCU Inc.'s data centre was specifically designed to support Blockchain infrastructure Cryptocurrency Mining, AI deployments, and other computationally-intensive processes. CCU Inc. has, since inception, focused primarily on Bitcoin Blockchain functionality and the process of mining Bitcoin. In Cryptocurrency networks, Mining is the process of validating transactions. In exchange for their efforts, successful miners receive newly minted Cryptocurrency as a reward. CCU Inc. mined its first Bitcoin on January 25, 2018.

Year Ended December 31, 2020

At the start of 2020, CCU Inc. was mining at a rate of approximately 32,000 THs (32 PHs) of Mining Power. With the beginning of the COVID-19 pandemic and the market turmoil that followed, Bitcoin experienced a huge and sudden price drop of 51%. This required SATO to focus on minimizing operating expenses while expanding the Company's operations by purchasing Mining Rigs.

By the end of 2020, CCU Inc. had mined 421 Bitcoins. A subsequent rise in the Bitcoin price, which eventually saw it hit US$65,000 in April 2021, led to the cost of Mining Equipment increasing rapidly and delivery times being pushed out. To maintain growth, CCU Inc. used a portion of the Bitcoins held to pay for upgrades and improvements. Three hundred and thirty-six Bitcoins were sold to pay for electrical costs and other fixed expenses, while another 141 were sold to fund new Mining Equipment.

Year Ended December 31, 2021

In January 2021, CCU Inc. acquired 33 Ethereum Mining Rigs. The rigs added 5.3 GHs of Ethereum Mining Power while consuming 25kW in electricity.

In May 2021, CCU Inc. signed a one year Hosting contract with Compass Mining, Inc. ("Compass"), to allow Compass to utilize 2.5MW of available power at the Joliette Facility.

In connection with the RTO, on June 18, 2021, CCU Inc. completed a non-brokered private placement (the "Concurrent Financing") by way of the issuance of subscription receipts ("Subscription Receipts") at a price of $5.30 per Subscription Receipt, raising gross proceeds of $4,319,902. The proceeds of the Concurrent Financing were placed into escrow pending closing of the RTO. Upon satisfaction of specified escrow release conditions, which included, among other things, the completion or waiver of all conditions precedent to the RTO, each Subscription Receipt was automatically converted into one Class B common share of CCU Inc. (a "CCU Share") (which, upon the closing of the RTO, converted into 10.607 Company Shares, at a deemed price per Company Share of $0.50) and one-half of one CCU Share purchase warrant with each whole warrant entitling the holder thereof to acquire one CCU Share for a period of thirty-six months from the date of issuance, subject to accelerated time of expiry, at an exercise price of $7.96 per CCU Share (which converted into 10.607 warrants to purchase Company Shares at a price of $0.75 per Company Share following the completion of the RTO).

In July 2021, CCU Inc. signed an additional one year Hosting contract with Compass to allow Compass to utilize an additional 2.5MW of available power at the Joliette Facility.

On September 7, 2021, the Company and CCU Inc. completed the RTO, and on September 16, 2021, the Company Shares commenced trading on the TSXV under the symbol "SATO". Concurrently with the closing of the RTO, the Common Shares were consolidated on the basis of 1 post-consolidation Company Share for every 2.7 pre-consolidation Capricorn Shares.

On September 29, 2021, the Company announced it had repaid the Bitcoin Shareholder Loans.

In the fourth quarter of 2021, the Company continued to invest in its operations, purchasing electrical equipment and entering into agreements to acquire additional Mining Equipment to expand its Mining Power, as well as expanding the Joliette Facility to 25,000 sq ft from 9,000 sq ft.

On December 23, 2021, the Company announced a letter of intent with Foundry Digital LLC for a Hosting contract for an additional 66 PHs of Mining Power once exercised.

Year Ended December 31, 2022

On January 20, 2022, the Company closed a non-brokered private placement and issued 3,912,481 Company Shares at a price of $0.84 per share for gross proceeds of approximately

$3,286,484. The proceeds were used to continue the Company's expansion of the Joliette Facility.

On March 18th, 2022, the Company granted stock options to officers, directors and consultants of the Company to purchase an aggregate of 4,877,419 common shares at a price of CAD$0.64 per share for a period of 5 years from date of grant, subject to vesting conditions.

On April 6th, 2022, the Company's common shares were listed for quotation and sale on the OTCQB Market in the United States under the symbol "CCPUF".

On May 31, 2022, the Company's shareholders approved the change of the Company's name to SATO Technologies Corp., which change was completed on June 8, 2022, and the Company launched a rebranded website on June 14, 2022.

On July 13, 2022, the Company announced the signing of an additional agreement with Foundry Digital LLC for a transaction to host up to 4,300 Mining Rigs at the Joliette Facility.

On July 15th, 2022, the Company signed a loan agreement through CCU Inc. with Sygnum Bank AG ("Sygnum'') for CHF3,000,000 (CAD$4 million equivalent). The proceeds of the loan were used to acquire Mining Equipment that was being hosted at the Joliette Facility and convert that Mining Equipment to self-mining for the Company. The loan bears interest at 8% per annum and is repayable over a 3-year term.

The Company finished the year running approximately 540 PHs utilizing the full 20 MW available under the Electricity Services Agreement, for a combination of self-mining and Hosting.

DESCRIPTION OF THE BUSINESS

General Description of the Business

The Company is in the business of Cryptocurrency mining, and in particular Bitcoin mining. Successful Miners receive Block Rewards in exchange for providing hashing power to the network, which equates to validating transactions so they can be recorded to the Blockchain. Revenues, in the form of Cryptocurrency, are generated by acting as a network validator and receiving rewards during the process. Cryptocurrencies are readily convertible to USD through established internet-based marketplaces.

The Company operates a data centre specifically designed to support Blockchain infrastructure Cryptocurrency Mining, AI deployments, and other computationally-intensive processes to meet current and future demand. Through its Mining activity, the Company provides investors with exposure to Bitcoin, without the need to hold Bitcoin or run Mining Equipment.

The Company also generates revenue by Hosting Mining Equipment for third-parties at its Joliette Facility.

For the years ending December 31, 2022 and December 31, 2021, the Company generated the following revenues:

	2022	2021
Bitcoin	$2,737,763	$4,246,519
Other Digital assets	$51,325	$170,864
Hosting	$7,711,352	$1,592,909

What exactly are Miners doing?

Bitcoin utilizes a decentralized blockchain model in which every counterparty on the network receives an identical real-time copy of the ledger of transactions. The data in the ledger is made tamper-proof using cryptography and new states of the ledger are agreed upon by consensus among all parties. The idea behind this is to create a global layer of security able to track every transaction.

The exact job of Miners can be explained with only a few key concepts.

The shared ledger is made tamper-proof using a cryptographic technique called hashing. A hashing algorithm is a mathematical transformation function with two key properties. First, it accepts any alphanumeric dataset as an input and produces a unique 256-bit code as an output. Second, the smallest change in the dataset results in a significant change in the unique code. Any tampering of the dataset can be detected by re-hashing the data and checking for a change in the unique code. Any user that runs the hash algorithm on the same strings will derive the same unique code. Consequently, the data on the distributed ledger can be run through a series of hash algorithms to create a unique code which ensures the entire ledger is immutable. Whenever a new set or block of transactions is added to the ledger, it is appended with the code from the prior state of the ledger before it is hashed. This chain links both states of the ledger by combining them into a single unique code. Tampering of any historical state of the ledger can be automatically detected by the blockchain network.

The historical state of the ledger can be changed if control of more than 50% of the network is obtained; however, in the case of widely held cryptocurrencies with non-trivial valuations, it is likely economically prohibitive for any actor or group of actors acting in concert to obtain the requisite control of more than 50% of the network.

The process by which cryptocurrency coins or tokens are created and transactions are verified is called mining. A user or Miner operates a publicly distributed mining client, which turns the user's computer into a "node" on the network that validates blocks. In order to add blocks to the Bitcoin blockchain, a miner must map an input data set (i.e., the blockchain, plus a block of the most recent transactions and an arbitrary number called a "nonce") to a desired output data set of a predetermined length using the SHA256 cryptographic hash algorithm. Each unique block can

only be solved and added to the blockchain by one miner, therefore miners devote large amounts of computing power to improve their chances of solving blocks. As more miners join the network and its processing power increases, the network adjusts the complexity of the block solving equation to maintain a predetermined pace of adding a new block to the blockchain approximately every ten minutes. The prevailing level of complexity in the context of cryptocurrency mining is often referred to as the "difficulty". A Miner's proposed block is added to the blockchain once a majority of the nodes on the network confirms the Miner's work. Miners that are successful in adding a block to the blockchain are automatically awarded coins or tokens (referred to as block rewards) for their effort plus any transaction fees paid by transferors whose transactions are recorded in the block. This reward system is the method by which Miners generate revenue.

Regulatory Framework

The Cryptocurrency mining industry is not currently the subject of a specific legislative framework in the Province of Québec or at the federal level in Canada. General federal and provincial legislation, including relevant corporate statutes and Canadian Securities Legislation, nevertheless govern the Company and its business. The legislative framework and regulatory environment applicable to cryptocurrencies, cryptocurrency mining and to the Company and its business, in Canada or abroad, may change in the future. Please refer generally to the heading "Risk Factors - Risks Related to Governmental Regulation and Enforcement".

The Company's business relies, among other things, on the supply of electricity pursuant to the Electricity Services Agreement. The distribution of electricity is highly regulated in the Province of Quebec and is governed by provincial statutes including the *Act respecting the Régie de l'énergie* (Québec), the *Hydro-Québec Act* and the *Act respecting municipal and private electric power systems* (Québec).

Based on the current regulatory framework under the laws of the Province of Québec and the federal laws of Canada, other than as required pursuant to general corporate statutes or Securities Laws, no licence, permit or authorization is required to be held by the Company in the Province of Québec, and the Company holds no such licence, permit or authorization.

Property Description and Locations

SATO's Joliette Facility is located in an industrial zone in Joliette, Québec, Canada and utilizes 25,000 sq. ft. within a 156,000 sq. ft. factory. This location is approximately one hour's travel by car northeast of Montréal and 45 minutes from Montréal's International Airport. The site currently runs approximately 540 PHs utilizing the 20 MW available under the Electricity Services Agreement in place.

Employees

Special skills and knowledge are needed to manage and operate a high-grade Cryptocurrency Mining operation. In particular, the team must have expertise in electricity, ventilation, and

network systems along with an understanding of Cryptocurrencies. The Company utilizes a combination of employees and consultants to fulfil critical positions. To date the Company has not had issues attracting and retaining appropriate personnel.

As of December 31, 2022, SATO had 14 employees.

Security

The site is protected by robust security measures that prevent digital or physical intrusion of unauthorized personnel.

Power

Pursuant to the Electricity Services Agreement, SATO benefits from a contract which supplies 20 MW of power to the Joliette Facility via Hydro-Joliette, which has a term expiring in June 2028.

Network Connectivity

The site is equipped with double redundancy for internet connectivity via two independent vendors. In the event that one network provider becomes unresponsive, another will continue to provide internet access. This double redundancy dynamic ensures uninterrupted mining activity and continuous Bitcoin Blockchain validation.

Proprietary Large Scale Mining Software

SATO has developed proprietary software to manage the large-scale Mining Equipment within the Joliette Facility by collecting data via API (Application Programming Interface) from each of the Mining Rigs and other equipment. SATO's solution provides data analysis, data exports and live monitoring to the management team via a robust and simple interface securely accessible to SATO's personnel. The solution also utilizes bots (an autonomous program on the internet or another network that can interact with systems or users) to restart offline Mining Equipment or to send a message to the team requesting maintenance. The Company plans to develop and enhance this software and will use the collected data to apply AI to be even more effective and proactive in the management of its Joliette Facility.

Repair

SATO utilizes both internal staff and an external network of electronic technicians to repair defective Mining Rigs and to support future scalability. SATO has already started to train existing employees to ensure broader knowledge of facility operations and will establish a dedicated repair and maintenance team in the future, including one employee who has completed the Maintenance Training course through the ANTMINER Maintenance Training Center.

Hosting Contracts for portion of SATO energy

SATO's strategy is to monetize its infrastructure by allowing third parties to operate Mining Rigs at the Joliette Facility utilizing available electrical capacity until such time as the Company can fully utilize the electrical capacity using its own Mining Equipment. As at December 31, 2022, approximately 4,700 Mining Rigs are operated by hosting partner at the Joliette Facility, in addition to the approximately 1,000 Mining Rigs owned and operated by SATO. For the services, SATO invoices clients each month with a price per kWh used during the month. Payments are received in USD every month and are not dependent on the Bitcoin volatility. However, if the market were to turn and the price of Bitcoin fell, SATO could see a situation where its clients would stop paying the monthly fee.

Intangible Properties

SATO uses the commercial names "SATO" and "CCU". SATO has registered the "SATO" trademark in Canada and the United States. SATO holds domain names including bysato.com, ccu.ai, greenminers.com and satoblockchain.com. SATO does not own any copyrights, franchises, licenses, patents or subscription lists.

Custody of Crypto Assets

Bitcoin mined by the Company have been regularly used to pay for operating expenses or to make capital investments. Historically, most of SATO's liquid assets were held in fiat in bank accounts, such that a loss of crypto assets would not jeopardise the future of the Company. Because the Company was regularly using its Bitcoin, there was no need to put SATO's treasury with a third party custodian. Rather, the Company chose to protect the asset with cold wallets and secured in multi location with only 2 people with access to the keys.

Now that the Company regularly holds more significant amounts of Cryptocurrency, SATO utilizes third party custody services from two providers.

A custodial agreement was entered into with Fireblocks Inc. ("Fireblocks") to provide wallet and vault services to SATO. Fireblocks is independent of SATO. Fireblocks is a leading enterprise-grade platform delivering a secure infrastructure for moving, storing, and issuing digital assets. Fireblocks enables banks, fintechs, exchanges, liquidity providers, OTCs and hedge funds to securely manage digital assets across a wide range of products and services. The technology consists of the Fireblocks Network and MPC-based Wallet Infrastructure. Fireblocks serves over 200 financial institutions and has secured over $400 billion in digital assets. Fireblocks has a unique insurance policy that covers assets in storage and transit, and offers 24/7 global support.

SATO utilizes the Fireblocks platform to maintain custody, to transfer, and to secure a material portion of its digital assets. Fireblocks, with locations in New York and Tel Aviv, utilizes a secure hot vault and secure transfer environment to help establish connections between wallets, exchanges, counterparties, and networks. Fireblocks utilizes multi-party computation ("MPC") protection layers to distribute private key secrets across multiple locations to ensure there is no

single point of failure associated with the private keys. The use of MPC ensures private keys are never concentrated to a single device at any point in time. Fireblocks is SOC 2 Type II certified and undergoes a SOC 2 review on an annual basis. SATO reviews the Fireblocks SOC 2 report to ensure they maintain a secure technology infrastructure and that their systems are designed and operating effectively. Fireblocks maintains an insurance policy which has coverage for technology, cyber, and professional liability and is rated "A" by A.M. Best based on the strength of the policy and has had no known security breaches or incidents reported to date.

A second agreement was entered into with Sygnum Bank AG to provide wallet and vault services to SATO. Sygnum is a leading bank with a secure infrastructure for moving, storing, and issuing digital assets. It utilizes six security levels including a transaction signature process audited by PwC (ISAE 3000/ ISAE 3402 which is the equivalent of SOC 1) and HSMs fully compliant (FIPS-140.2 Level 3) and is compliant with the highest security standards. Sygnum is independent of SATO.

SATO does not maintain insurance against loss of crypto assets.

The Company's Strategy

The Company is investing in the business to utilize the full electrical capacity available to it under its Electricity Services Agreement. That investment involves acquiring additional self-mining Mining Equipment whenever economically feasible. Whenever possible, the Company will look to acquire Mining Equipment from its hosting partners that is already located at the Joliette Facility, eliminating any risks associated with availability and delivery.

While the short-term focus is on optimizing existing operations, the Company may look at opening new Mining Centres in Québec or elsewhere. The Company may also try to acquire new Mining Centres, other companies within the Blockchain space, or companies with a specific expertise in the crypto mining operational fields.

The Company is conducting various R&D projects relating to Cryptocurrency, Bitcoin mining, the Bitcoin Lightning Network, hosting nodes, developing online services and Blockchain products.

The Company is dependent on energy providers Hydro-Joliette and, to a lesser extent, Hydro-Québec.

The Company's operations are only in Québec at the present time. The Company adheres to a mandate that integrates environmental stewardship and optimized operations.

Environmental Protection

The Company has established a standing committee of the Board of Directors to explore the Environmental, Social and Governance elements of Bitcoin mining and to develop guiding policies for the Company. SATO has historically only used renewable energy at the Joliette Facility. The

Company will continue to focus on utilizing surplus renewable energy and exploring practical uses for heat-recycling technology.

The Company currently does not anticipate any financial or operational effects of environmental protection requirements on its capital expenditures, profit or loss, or competitive position in the current financial year or future years.

Change to Contracts or Business

SATO announced in March 2023 that it had signed a renewal of the Electricity Services Agreement with Hydro-Joliette, extending the term of that agreement to June of 2028. SATO does not otherwise expect the Company's business to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts. The Company expects to expand by purchasing additional Mining Equipment, but has no plans to alter the nature of its underlying business.

Economic Dependence

The Company's business is substantially dependent on the Electrical Services Agreement and the supply of electrical power to the Joliette Facility. The Company has a positive working relationship with Hydro-Joliette and does not anticipate any concerns on the continued regular supply of electricity.

A material portion of the Company's revenues are derived from one Hosting Contract with Foundry Digital LLC ("Foundry"). The Company has a positive working relationship with Foundry and expects that the Hosting relationship will continue, provided the price of Bitcoin continues to make such relationship profitable for both parties.

Competition and Market Participants

The Cryptocurrency mining industry is highly competitive. There exist many online companies that offer cryptocurrency cloud mining services, as well as companies, individuals and groups that run their own mining farms. Miners can range from individual enthusiasts to professional mining operations with dedicated data centres, of which there are several publicly-listed companies that we consider to be direct competitors. Cryptocurrency Miners operating in North America include: Argo Blockchain Plc, Bit Digital Inc., Bitfarms Ltd., Cathedra Bitcoin Inc., CleanSpark Inc., Core Scientific, Inc., CryptoStar Corp., Digihost Technology Inc., DMG Blockchain Solutions Inc., HIVE Blockchain Technologies Ltd., Hut 8 Mining Corp., HyperBlockInc., Iris Energy Limited, Link Global Technologies Inc., Luxxfolio Holdings Inc., Marathon Digital Holdings, Inc., Riot Blockchain, Inc., Skychain Technologies Inc., and Stronghold Digital Mining Inc.

A large percentage of mining is undertaken by mining pools, whereby Miners pool their processing power over a network. Rewards are distributed proportionately to each miner based on the hashpower contributed. While the rewards for successfully solving a block become considerably lower in the case of pooling, rewards are earned on a more consistent basis.

Other market participants in the cryptocurrency industry include investors, speculators and retail users that purchase the Cryptocurrencies produced by the Company and other Miners.

Cycles

During periods of extreme cold, typically in the first quarter of the year, the Company may be required to curtail electricity usage for grid stabilization purposes due to the demand for electricity used for heating.

RISK FACTORS

Certain risk factors relating to the Company and the Company Shares are described below. Additional risks and uncertainties not currently known to the Company, or that are currently considered immaterial, may also impair the operations of the Company. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Company could be materially adversely affected.

Certain risk factors associated with the principal business of the Company are discussed below. Due to the nature of the Company's business, the Company may be subject to significant risks. This section does not describe all risks applicable to the Company or its business, and is intended only as a summary of certain material risks. Readers should carefully consider all such risks set out in the discussion below. The Company's actual operating results may be very different from those expected as at the date of this AIF.

Risks Related to the Company's Mining Operations

Mining Operation Risk

The Company's Mining Operations can only be successful and ultimately profitable if the costs, including hardware and electricity costs, associated with mining Cryptocurrencies, are lower than the price of the Cryptocurrencies mined when the Company sells them. Mining Rigs experience ordinary wear and tear from operation and may also face more significant malfunctions caused by factors which may be beyond management's control. Additionally, as the technology evolves, the Company may acquire newer models of Mining Rigs to remain competitive in the market. Over time, the Company will replace those Mining Rigs which are no longer functional with new ones purchased from third-party manufacturers, who are primarily based in China.

Historically, the cost of obtaining new or replacement Mining Rigs and parts has been capital intensive and that is likely to continue in the future. High capital costs may have a material and adverse effect on the Company business and results of operations.

Mining Rigs will need to be repaired or replaced along with other equipment from time to time for the Company to stay competitive. This upgrading process requires substantial capital investment, and the Company may face challenges in doing so on a timely and cost-effective basis based on availability of new Mining Equipment and access to adequate capital resources.

If the Company is unable to obtain adequate numbers of new and replacement Mining Rigs at scale, it may be unable to remain competitive in its highly competitive and evolving industry. If this happens, the Company may not be able to mine Cryptocurrency as efficiently or in similar amounts as its competition and, as a result, its business and financial results could suffer. This could, in turn, materially and adversely affect the trading price of the Company's securities and investors could lose part or all of their investment.

The price of new Mining Equipment may be linked to the market price of Bitcoin and other Cryptocurrencies, and costs of obtaining new and replacement Mining Equipment may increase, which may have a material and adverse effect on the Company's financial condition and results of operations.

Historic pricing trends indicate that the prices of new Mining Equipment are adjusted according to the price of Bitcoin. As a result, the cost of new machines can be unpredictable, and could also be significantly higher than the Company's historical cost for new Mining Rigs. Similarly, as Bitcoin prices rise, a significant increase in the demand for Mining Rigs has historically been observed. As a result, at times, the Company may obtain Mining Rigs and other hardware at higher prices, to the extent they are available at all.

There have been significant increases in 2022 and continuing into 2023 in the number of Miners competing for the Block, potentially lowering the Company's revenues in future periods.

The price of electrical equipment, or any construction material such as wood, plywood, cement, cables, metal, sheet metal, fans, network equipment, racks, and any other material needed for the construction of a Mining Centre, has also seen an increase in price and delivery time. As a result, the Company's construction costs for any new Mining Centres forming part of its expansion plans could increase, and the time to deliver the space needed to host the Mining Equipment may not meet plans.

Miners from North America could also start competing more intensively for electrical, network and ventilation parts needed to operate an effective Mining Centre. This could have an impact on the Company's infrastructure costs, but also delay the delivery dates, increasing the risk of further delays to operations and revenues.

Similarly, locating and hiring people with the necessary skills could also become more difficult and more expensive, which could delay the deployment of the Company's infrastructure, delay Hosting revenues, and delay Mining Rig installations.

As disclosed in this AIF, the Company's financial condition and results of operations are dependent on its ability to sell the Bitcoin or other Cryptocurrencies the Company mines at a price greater than the costs to produce that Bitcoin or the other Cryptocurrency. As the price for new Mining Rigs increases, the Company's cost to produce a single Bitcoin also increases, therefore requiring a corresponding increase in the price of Bitcoin to maintain the Company's results of operations. Management has observed significant fluctuations in market prices for Bitcoin, to the extent that the Company is unable to predict future prices for the Bitcoin mined.

The Company incurs significant up-front capital costs each time the acquisition of new Mining Equipment is made, and, if future prices of Bitcoin are not sufficiently high, the Company may not realize the benefit of these capital expenditures. If this occurs, the Company's business, results of operations, and financial condition could be materially and adversely affected, which may have a negative impact on the trading price of the Company Shares, which may have a materially adverse impact on investors' investment in the Company.

New and existing competitors in this industry frequently purchase Mining Equipment at scale, which may cause delays or difficulty in obtaining new Mining Equipment. Those competitors might also try to resell the acquired Mining Equipment to the Company with a substantial price increase, which could materially and adversely affect the Company's business and results of operations.

There are no assurances that the primary Mining Equipment manufacturer, Bitmain, or any other manufacturers, will be able to keep pace with the surge in demand for Mining Equipment. It is uncertain how manufacturers will respond to this increased global demand and whether they can deliver on the schedules promised to all of their customers.

In the event manufacturers are not able to keep pace with demand, the Company may not be able to purchase Mining Rigs in sufficient quantities or on a delivery schedule that meets the Company's business needs. Additionally, should a manufacturer default on its purchase agreements with the Company, the Company would have to pursue recourse in an international jurisdiction, which would be costly and time consuming to resolve, and there is no guarantee the Company would succeed in recovering any of the deposits paid for such Mining Equipment purchases, which could materially and adversely affect the Company's business and results of operations.

Mining operating costs could outpace Mining revenues, which could seriously harm business or increase losses.

The Company's Mining Operations are costly and the Company's expenses may increase in the future. This expense increase may not be offset by a corresponding increase in revenue. The Company's expenses may be greater than the Company anticipates, and investments to make the Company's business more efficient may not succeed and may outpace monetization efforts. Increases in the Company's costs without a corresponding increase in revenues would increase the Company's losses and could seriously harm business and financial performance.

Over the past several years, Mining Operations have evolved from individual users Mining with computer processors, graphics processing units and first-generation ASIC servers. Currently, new processing power is predominantly added by incorporated and unincorporated "professionalized" Mining Operations. Professionalized Mining Operations may use proprietary hardware or sophisticated ASIC machines acquired from ASIC manufacturers or any other type of hardware for any Cryptocurrencies, Blockchain, or Nodes. Acquiring this specialized hardware at scale requires the investment of significant up-front capital, and Miners incur significant expenses related to the operation of this hardware at scale, such as the leasing of operating

space (often in data centers or warehousing facilities), incurring of electricity costs to run the Mining Equipment and the employment of technicians to operate the Mining Operation Centers. As a result, professionalized Mining Operations are of a greater scale than prior Miners and have more defined and regular expenses and liabilities. These regular expenses and liabilities require professionalized Mining Operations to maintain profit margins on the sale of Bitcoin. To the extent the price of Bitcoin declines and such profit margin is constrained, professional Miners are incentivized to sell Bitcoin earned from Mining Operations more immediately, whereas it is believed that individual Miners in past years were more likely to hold newly mined Bitcoin for more extended periods. The immediate selling of newly mined Bitcoin significantly increases the trading volume of Bitcoin, creating downward pressure on the market price of Bitcoin and thereby further constraining profit margins.

The Bitcoin Halving is a significant event in the cryptocurrency's ecosystem that occurs approximately every four years and has notable implications for its supply dynamics. During the Halving, the Block Reward, which represents the number of Bitcoins awarded to Miners for verifying transactions and adding new Blocks to the Blockchain, is reduced by 50%. The upcoming Halving, slated for April 2024, will impact the rate at which new Bitcoins enter circulation, reinforcing the deflationary nature of Bitcoin and its finite supply of 21 million coins. Historically, Halving events have been associated with increased demand and rising prices for Bitcoin, however there is no guarantee that the price of Bitcoin will increase following the Halving, and a stagnation or decline in price could lead to reduced revenues for Miners due to the lower Block Rewards. Such a scenario could adversely impact the overall mining ecosystem, potentially resulting in decreased network security and slower transaction processing times.

The foregoing risks associated with Bitcoin could be equally applicable to other Cryptocurrencies, whether existing now or introduced in the future. Shrinking profit margins could have a material adverse effect on the Company's ability to continue as a going concern or to pursue its new strategy at all, which could have a material adverse effect on its business, prospects or operations and potentially the value of Bitcoin and any other Cryptocurrencies the Company mines or otherwise acquires or holds for its own account, and thus harm investors.

The Company is subject to risks associated with the need for significant electrical power.

The Company's Mining Operations have required significant amounts of electrical power, and, as the Company continues to expand its Mining fleet and Hosting operation, it anticipates the demand for electrical power will continue to grow. If the Company is unable to continue to obtain and secure sufficient electrical power to operate its Mining Equipment on a cost-effective basis, the Company may be required to reduce its operations or cease them altogether. If this occurs, the Company may not realize the anticipated benefits of significant capital investments in new Mining Equipment.

Additionally, the Company's Mining Operations could be materially adversely affected by prolonged power outages. Although hardware may be powered by backup generators on a temporary basis, it would not be feasible or cost-effective to run Mining Equipment on backup power generators for extended periods of time. Therefore, the Company may have to reduce or

cease its operations in the event of an extended power outage, or as a result of the unavailability or increased cost of electrical power. If this were to occur, the Company's business and results of operations could be materially and adversely affected, and investors in its securities could be harmed.

The Company's reliance on a third-party Mining pool service provider for Mining revenue payouts may have a negative impact on the Company's operations, including due to cyber-attacks against the Mining Pool Operator and limited recourse against the Mining Pool Operator with respect to rewards paid to the Company.

The Company receives Cryptocurrency Mining rewards from Mining activity through third-party Mining Pool Operators. Mining pools allow Miners to combine their processing power, increasing their chances of solving a Block and getting paid by the network. The rewards are distributed by the Mining Pool Operator, according to the reward calculation method and depending on the Company contribution to the pool's overall Mining Power, used to generate each Block. Mining Pools that use a Full-Pay-Per-Share method, pay Miners for their Hash rate at a set rate that can be mathematically calculated at any given point in time. The rate is based on the industry factors such as Network Difficulty, Block Reward and expected Transaction Fees. Should the pool operator's system suffer downtime due to a cyber-attack, software malfunction or other similar issues, it will negatively impact the Company's ability to mine and receive revenue.

Furthermore, the Company is dependent on the accuracy of the Mining Pool Operator's record-keeping to accurately record the total processing power provided to the pool for a given Bitcoin mining application in order to assess the proportion of that total processing power the Company provided. While the Company has internal methods of tracking both the power provided and the total used by the pool, the Mining Pool Operator uses its own record-keeping to determine the proportion of a given reward. The Company has little means of recourse against the Mining Pool Operator if the Company determines the proportion of the reward paid out by the Mining Pool Operator is incorrect, other than leaving the pool. If the Company is unable to consistently obtain accurate proportionate rewards from its Mining Pool Operators, it may experience reduced reward for the efforts, which would have an adverse effect on the Company business and operations.

Electricity price for the Joliette Facility could increase.

The price of electricity could increase in the foreseeable future if the Company's local provider increases their rates, whether as a result of a decision by the Municipal energy provider (Hydro-Joliette), Québec energy provider (Hydro-Québec) or as a result of a decision by the governmental authorities (the Régie de l'énergie or the Government of Québec). If government policy were to turn against Cryptocurrency mining, a price increase could be targeted at Cryptocurrency Miners to effect an un-competitive price, which could force the Company to relocate operations to more favorable regions or to cease operation.

On April 1, 2023, electricity prices in Québec increased by 6.5% for all industrial clients. This escalation in costs has had a direct impact on various industries, including data centers and cryptocurrency mining operations.

Even though the Hosting contracts signed by the Company are not dependent on the Bitcoin price, a drop in the Bitcoin price could negatively impact the Hosting business. If the Bitcoin price drops to the point that it is not profitable for the Company's Hosting clients to continue operating their Mining Equipment at the Company's Mining Centre, the clients would stop paying and abandon or move their Mining Rigs and the Company would lose that source of revenue.

The Company's agreement with Hydro-Joliette does not guarantee sufficient power to expand over 20 MW and, if unable to successfully negotiate for additional power supply, the Company may not be able to grow.

The Company's Electricity Services Agreement only provides access to 20 MW of electrical power for the Mining Equipment currently deployed at the Joliette Facility. If the Company is unable to negotiate additional power supply for new hardware with Hydro-Joliette, the Company may be forced to locate another facility to grow.

The Company may not be successful in identifying adequate new facilities to operate its machines. Even if the Company does identify such facilities, it may not be successful in securing those facilities at a cost that is economically viable to support the Company's Mining activities. Even if the new facility would support profitable Mining, setting up a new Mining Centre will require incurring significant up-front costs that may not be fully recoverable from Mining profits, and the Company may not realize the benefit of its substantial capital investments. If this occurs the Company's business may suffer, and the results of its operations may be adversely affected.

ESG.

The Company has historically utilized renewable energy so that, to the extent possible, the Company does not generate carbon emissions, and has purchased carbon credits to offset the small amount of emissions it does generate (the Company currently generates approximately 0.0012kg CO_2 per kWh). In the future, the Company may not be able to source renewable energy to meet its requirements for growth and may pursue opportunities to increase mining capacity utilizing carbon emitting sources of energy that may be less expensive or more readily available. Such circumstances could have a material adverse effect on the Company's business, prospects, operations, strategy and future growth.

Hardware Malfunction Issue.

It is common to see malfunctions in Mining Rigs or other equipment. The Company has put in place a program to repair defective pieces and has accounted for a defect rate of 2.5% overall for its equipment. It is possible that more than 2.5% could prove to be defective, and considering the extreme nature of the constant usage of the Mining Rigs in environments where they have not previously been tested, the defect percentage could be much higher and could potentially

reach as high as 100%. If this situation were to happen, the Company would be forced to buy replacement Mining Equipment with a loss on the existing equipment, which could adversely impact the price of the Company Shares.

Dependence on the Internet and risks of Internet Disruptions.

Nodes relay transactions to one another via the internet, and when Blocks are mined they are also forwarded via the internet. Companies access Bitcoin's Blockchain via the internet and most customers access these companies via the internet. Thus, the entire system is dependent upon the continued functioning of the internet. If the internet were to be shut off in Joliette, Québec, where the Company operates, or in the Company's Mining Centre, this would reduce the Company's revenues and, if prolonged, could force the Company to close.

More globally, a disruption of the Internet may affect the use of Cryptocurrencies and subsequently the value of the Company Shares. A significant disruption in internet connectivity could disrupt a Cryptocurrency's network operations until the disruption is resolved and have an adverse effect on the price of Cryptocurrencies and the Company's ability to mine Cryptocurrencies.

SATO reliance primarily on a single model of mining hardware may subject its operations to an increased risk of mine failure.

The performance and reliability of the Company's Mining Equipment and technology is critical to the Company's reputation and operations. Because the Company currently mainly uses Bitmain Antminer hardware, if there are issues with those machines, such as a design flaw in the ASIC chips they employ, the Company's entire system could be affected. Any system error or failure may significantly delay response times or even cause the system to fail. Any disruption in the Company's ability to continue Mining could result in lower yields and harm its reputation and business. Any exploitable weakness, flaw, or error common to Bitmain machines affects all Mining Equipment; therefore, if a defect or other flaw exists and is exploited, the entire Joliette Facility could go offline simultaneously. Any interruption, delay or system failure could result in financial losses, a decrease in the trading price of the Company Shares and damage to its reputation.

SATO's Mining Centres, including the facilities in which the Mining Equipment is operated, may experience damages, including damages that are not covered by insurance.

The Joliette Facility is, and any future Mining Centre the Company establishes will be, subject to a variety of risks relating to physical condition and operation, including, but not limited to:

(a) the presence of construction or repair defects or other structural or building damage;
(b) any non-compliance with or liabilities under applicable environmental, health or safety regulations or requirements or building permit requirements;
(c) any damage resulting from natural disasters, such as hurricanes, ice storms, earthquakes, fires, floods, and windstorms;

(d) theft, fraud;
(e) citizen and neighbors fighting against Bitcoin and the Blockchain industry in general; and
(f) claims by employees and others for injuries sustained at its properties.

For example, the Joliette Facility could be rendered inoperable, temporarily or permanently, as a result of a fire or natural disaster. The security and other measures the Company takes to protect against these risks may not be sufficient. Additionally, the Company's Mining Centres could be materially adversely affected by a power outage or loss of access to the electrical grid or loss by the grid of cost-effective sources of electrical power generating capacity. Given the power requirement, it would not be feasible to run Mining Equipment on backup power generators in the event of a power outage.

Available insurance may cover the replacement cost of lost or damaged machines, but may not cover an interruption of the Company's Mining activities; therefore the Company's insurance may not be adequate to cover the losses it could suffer as a result of any of these events. In the event of an uninsured loss, including a loss in excess of insured limits, Mining Equipment may not be adequately repaired in a timely manner or at all and the Company may lose some or all of the future revenues anticipated to be derived from such Mining Equipment. The potential impact on the Company's business is currently magnified because it is only operating a single Mining Centre.

SATO's existing insurance coverage may not be adequate to cover all potential losses, and increased self-insurance and other insurance costs could materially and adversely affect the Company's business and the results of operations.

The Company maintains insurance policies that provide some protection in the event Mining Equipment is lost or damaged while at the Joliette Facility; however, these insurance policies may not be adequate to protect the Company from losses that may incur in connection with the operation of the business. Certain extraordinary hazards, for example, may not be covered, and insurance may not be available (or may be available only at prohibitively expensive rates) with respect to many other risks. Any loss incurred could exceed policy limits, and policy payments made to the Company may not be made on a timely basis. Because of the high cost of new Mining Equipment, if the insurance coverage is insufficient to cover the replacement, or if payment of existing coverage benefits is significantly delayed, the Company may be required to expend additional capital resources to replace any hardware lost as a result of casualty events.

There is the possibility that the Company's insurance provider will cease offering policies or coverage for Mining Equipment. If that happens, the Company may not be able to find a replacement provider and may not be able to obtain insurance coverage for the Mining Equipment.

Additionally, although the Company seeks to control insurance risk and costs, the premiums paid to obtain insurance coverage have increased over time and are likely to continue to increase in the future. Increases in insurance premiums can occur unexpectedly and without regard to the

Company's efforts to limit them, and, because of these rising costs, the Company may not be able to obtain similar levels of insurance coverage on reasonable terms, or at all. If this occurs, the Company may choose or be forced to self-insure its assets, which could expose the Company to significant financial risk due to the high cost of new Mining Equipment. If insurance costs become unacceptably high and the Company elects to self-insure, and subsequently experiences a significant casualty event resulting in the loss of some or all of its Mining Equipment, the Company could be forced to expend significant capital resources to acquire new machines to replace those lost.

Furthermore, if a loss of the Company's Mining Equipment is not adequately covered by insurance and the Company does not have access to sufficient capital resources to acquire replacement equipment, it may not be able to compete in the rapidly evolving and highly competitive industry, which could materially and adversely affect the Company's financial condition and results of operations, and its business could suffer.

Noise level at the Joliette Facility could increase, elevating the risk of complaints given by neighbors or the municipality.

Mining Centres tend to create a significant level of noise from Mining Equipment that is constantly running. While the Company's operations at the Joliette Facility have been designed to lower the sound of operating the Mining Equipment, and while the Company is located in an industrial zone, the Company could face a situation where the addition of machines and new constructions make it impossible to maintain noise levels within the current range. Excessive noise could result in penalties or restrictions on the Company's ability to continue operating as it currently does, which could materially and adversely affect the Company's financial condition and results of operations, and its business could suffer.

Cryptocurrency mining is frequently criticized as consuming a disproportionately large amount of energy per transaction. If those criticisms achieve widespread acceptance, then public perception of Cryptocurrency mining may diminish resulting in a decline in the value of Cryptocurrencies or an unwillingness of service providers to work with the Company. Such circumstances could have a material adverse effect on the Company's business, prospects, operations, strategy and future growth.

Risks Related to the Price of Bitcoin and other Cryptocurrencies

Because most of the Company's Mining Equipment is designed specifically to mine Bitcoin, the Company's future success will depend in large part upon the value of Bitcoin, and any sustained decline in its value could adversely affect its business and results of operations.

The Company's operating results will depend in large part upon the value of Bitcoin because it is the primary Cryptocurrency currently mined. Specifically, the Company's revenues from its Mining Operations are based upon two factors: (1) the number of Bitcoin rewards successfully mined and (2) the value of Bitcoin. In addition, the Company's operating results are directly impacted by changes in the value of Bitcoin because under the value measurement model, both

realized and unrealized changes will be reflected in the financial statements (i.e., the Company will be marking Bitcoin to fair value each quarter). This means that the Company's operating results will be subject to swings based upon increases or decreases in the value of Bitcoin. Furthermore, the Company's business strategy focuses almost entirely, including Hosting services, on producing Bitcoin (as opposed to other Cryptocurrencies), and its current ASIC hardware is designed to compute SHA-256 Hashes which is primarily useful for Bitcoin Mining.

The Company, therefore, cannot use Bitcoin Mining Equipment to mine other Cryptocurrencies, such as Ether, that are not mined utilizing this algorithm. If other Cryptocurrencies overtake Bitcoin in terms of acceptance, the value of Bitcoin could decline. Furthermore, if Bitcoin were to switch its proof of work algorithm from SHA-256 to another algorithm for which SATO's Mining Equipment would not be suited, or if the value of Bitcoin were to decline for other reasons, particularly if such decline were significant or over an extended period of time, the Company would likely incur very significant costs in retooling or replacing its existing Mining Rigs with new ones better suited for new protocols. In such a case the Company's operating results could be adversely affected. This could result in a material adverse effect on the Company's ability to continue as a going concern or to pursue its business strategy at all, which could have a material adverse effect on its business, prospects or operations, and thus harm investors.

Significant Volatility Risk in Market Price of Cryptocurrencies and Bitcoin

Cryptocurrencies that are represented and traded on a ledger-based platform may not necessarily benefit from viable trading markets. Stock exchanges have listing requirements and vet issuers, requiring them to be subjected to rigorous listing standards and rules, and monitor investors transacting on such platforms for fraud and other improprieties. These conditions may not necessarily be replicated on a distributed ledger platform, depending on the platform's controls and other policies. The more lax a distributed ledger platform is about vetting issuers of Cryptocurrency assets or users that transact on the platform, the higher the potential risk for fraud or the manipulation of the ledger due to a control event.

Bitcoin and other Cryptocurrency market prices have historically been volatile, are impacted by a variety of factors, and are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Furthermore, such prices may be subject to factors such as those that impact commodities, more so than business activities, which could be subjected to additional influence from fraudulent or illegitimate actors, real or perceived scarcity, and political, economic, regulatory, or other conditions. Pricing may be the result of and may continue to result in, speculation regarding future appreciation in the value of Cryptocurrencies, or its share price, making their market prices more volatile or creating "bubble" type risks for Bitcoin and other Cryptocurrencies.

These factors may inhibit consumer trust in and market acceptance of Cryptocurrencies as a means of exchange which could have a material adverse effect on the Company business, prospects, or operations and potentially the value of any Bitcoin or other Cryptocurrencies the Company mines or otherwise acquires or holds for its own account.

The Development of New Digital Assets and Competing Blockchain Platforms of Technologies

Despite the first-mover advantage of the Bitcoin Network over other digital assets, it is possible that another digital asset could become more popular due to either a perceived or exposed shortcoming of the Bitcoin Network protocol that is not immediately addressed by the Bitcoin contributor community, or a perceived advantage of an alternative Cryptocurrency that includes features not incorporated into Bitcoin. If a digital asset obtains significant market share (either in market capitalization, Mining Pool or use as a payment technology), this could reduce Bitcoin's market share and have a negative impact on the demand for, and price of, Bitcoin and thereby adversely affect the price of the Company Shares. Similarly, Bitcoin and the price of Bitcoin could be negatively impacted by competition from incumbents in the credit card and payments industries, which may adversely affect the price of the Company Shares.

The development and acceptance of competing Blockchain platforms or technologies, including competing Cryptocurrencies that the Company's Mining Equipment may not be able to mine, such as Cryptocurrencies being developed by popular social media platforms, online retailers, or government sponsored Cryptocurrencies, may cause consumers to use alternative distributed ledgers or an alternative to distributed ledgers altogether. The Company's business utilizes presently existing digital ledgers and Blockchains, and the Company could face difficulty adapting to emergent digital ledgers, Blockchains, or alternatives thereto. This may adversely affect the Company and its exposure to various Blockchain technologies and prevent it from realizing the anticipated profits from its investments. Such circumstances could have a material adverse effect on the Company's business, prospects, or operations and potentially the value of any Bitcoin or other Cryptocurrencies mined or otherwise acquired or held for its own account, which could materially and adversely affect investors' investments in the Company securities.

The primary Cryptocurrency which the Company mines, Bitcoin, is subject to halving; the Cryptocurrency reward for successfully uncovering a Block will halve several times in the future and Bitcoin's value may not adjust to compensate the Company for the reduction in the rewards the Company receives from Mining efforts.

The primary Cryptocurrency that the Company mines, Bitcoin, is subject to "halving," which is the process by which the Cryptocurrency reward for solving a Block is cut in half – hence, "halving." While Bitcoin prices have had a history of price fluctuations around the halving of Cryptocurrency rewards, there is no guarantee that the price change will be favorable or would compensate for the reduction in Mining reward. If a corresponding and proportionate increase in the trading price of these Cryptocurrencies does not follow these anticipated halving events, the revenue the Company earns from its Mining Operations would see a corresponding decrease, which would have a Material Adverse Effect on its business and operations.

All the Company's mining activities could be impacted by the Bitcoin price and volatility. All risks described here about Bitcoin could also apply to any other Cryptocurrencies mined by the Company in the future.

Potential Decrease in Global Demand for Bitcoin.

As a currency, Bitcoin must serve as a means of exchange, store of value, and unit of account. Many people using Bitcoin as money-over-internet-protocol (MoIP) do so with it as an international means of exchange. Speculators and investors using Bitcoin as a store of value then layer on top of means-of-exchange users, creating further demand. If consumers stop using Bitcoin as a means of exchange, or its adoption therein slows, then Bitcoin's price may suffer, adversely affecting the Company.

Investors should be aware that there is no assurance that Bitcoin will maintain its long-term value in terms of purchasing power in the future or that the acceptance of Bitcoin for payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of Bitcoin declines, the Company expects the price of the Company Shares to decline proportionately. As a relatively new technology, Bitcoin has not yet become widely accepted as a means of payment for goods and services, and use of Bitcoin by consumers to pay for goods and services remains limited. Banks and other established financial institutions may refuse to process funds for Bitcoin transactions, to process wire transfers to or from Bitcoin Miners, Bitcoin trading platforms, Bitcoin-related companies or service providers, or to maintain accounts for persons or entities transacting in Bitcoin. A significant portion of Bitcoin demand is generated by speculators and investors seeking to profit from the short- or long-term holding of Bitcoin. Price volatility undermines Bitcoin's role as a medium of exchange as retailers are much less likely to accept it as a form of payment. Market acceptance for Bitcoin therefore, as a medium of exchange and payment method, may continue to be low. A lack of expansion by Bitcoin into retail and commercial markets, or a contraction of such use, may result in increased volatility which could adversely impact the price of the Company Shares.

The development and acceptance of cryptographic and algorithmic protocols governing the issuance of and transactions in Cryptocurrencies are subject to a variety of factors that are difficult to evaluate.

The use of Cryptocurrencies to, among other things, buy and sell goods and services and complete transactions is part of a new and rapidly evolving industry that employs Cryptocurrency assets based on a computer-generated mathematical and/or cryptographic protocol. Large-scale acceptance of Cryptocurrencies as a means of payment has not, and may never, occur. The growth of this industry in general, and the use of Cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may occur unpredictably. Factors affecting acceptance include, but are not limited to:

(a) continued worldwide growth in the adoption and use of Cryptocurrencies as a medium of exchange;
(b) governmental and quasi-governmental regulation of Cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar Cryptocurrency systems;
(c) changes in consumer demographics and public tastes and preferences;

(d) the maintenance and development of the open-source software protocol of the network;
(e) the increased consolidation of contributors to the Bitcoin Blockchain through Mining Pools;
(f) the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
(g) the use of the networks supporting Cryptocurrencies for developing smart contracts and distributed applications;
(h) general economic conditions and the regulatory environment relating to Cryptocurrencies; and
(i) negative consumer sentiment and perception of Bitcoin specifically and Cryptocurrencies generally.

The outcome of these factors could have negative effects on the Company's ability to continue as a going concern or to pursue its business strategy at all, which could have a material adverse effect on the Company's business, prospects or operations as well as potentially negative effects on the value of any Bitcoin or other Cryptocurrencies the Company mines or otherwise acquires or holds for its own account, which would harm investors.

The impact of geopolitical and economic events on the supply and demand for Cryptocurrencies is uncertain.

Geopolitical crises may motivate large-scale purchases of Bitcoin and other Cryptocurrencies, which could increase the price of Bitcoin and other Cryptocurrencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior dissipates, adversely affecting the value of the Company inventory following such downward adjustment. Alternatively, as an emerging asset class with limited acceptance as a payment system or commodity, global crises and general economic downturn may discourage investment in Cryptocurrencies as investors focus their investment on less volatile asset classes as a means of hedging their investment risk.

Cryptocurrencies are subject to supply and demand forces. How such supply and demand will be impacted by geopolitical events is largely uncertain but could be harmful to the Company and investors in the Company Shares. Political or economic crises may motivate large-scale acquisitions or sales of Cryptocurrencies either globally or locally. Such events could have a material adverse effect on the Company's ability to continue as a going concern or to pursue its strategy at all, which could have a material adverse effect on the Company's business, prospects or operations and potentially the value of any Bitcoin or any other Cryptocurrencies it mines or otherwise acquires or holds for its own account.

Acceptance or widespread use of Cryptocurrency is uncertain.

Some companies, typically through partnerships with digital currency processors, have begun to increase the adoption of Cryptocurrencies in the retail and commercial marketplace. There is, however, still relatively limited use of any Cryptocurrency in the retail and commercial

marketplace. Banks and other established financial institutions may refuse to process funds for Cryptocurrency transactions, to process wire transfers to or from Cryptocurrency exchanges, Cryptocurrency-related companies, or service providers, or to maintain accounts for persons or entities transacting in Cryptocurrency. Conversely, a significant portion of Cryptocurrency demand is generated by investors seeking a long-term store of value or speculators seeking to profit from the short- or long-term holding of the asset. Price volatility undermines any Cryptocurrency's role as a medium of exchange, as retailers are less likely to accept it as a direct form of payment. Market acceptance for a Cryptocurrency as a medium of exchange and payment method may always be low.

A lack of acceptance could have a material adverse effect on the Company's ability to continue as a going concern or to pursue its strategy at all, which could have a material adverse effect on its business, prospects, or operations and potentially the value of Bitcoin or any other Cryptocurrencies the Company mines or otherwise acquires or holds for its own account.

If Cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, market perception and acceptance of Cryptocurrency is likely to decrease, which could result in a reduction in Cryptocurrency prices. This could have a material adverse effect on the Company's business, prospects, or operations.

The decentralized nature of Cryptocurrency systems may lead to slow or inadequate responses to crises, which may negatively affect business.

The decentralized nature of the governance of Cryptocurrency systems may lead to ineffective decision making that slows development or prevents a network from overcoming emergent obstacles. Governance of many Cryptocurrency systems is by voluntary consensus and open competition with no clear leadership structure or authority. Cryptocurrency operates without the oversight of a central authority or the banks and is not backed by any government. To the extent lack of clarity in corporate governance of Cryptocurrency systems leads to ineffective decision making that slows development and growth of such Cryptocurrencies, the value of the Company Shares may be adversely affected.

The price of Cryptocurrencies may be affected by the sale of such Cryptocurrencies by other vehicles investing in Cryptocurrencies or tracking Cryptocurrency markets.

The global market for Cryptocurrency is characterized by supply constraints that differ from those present in the markets for commodities or other assets such as gold and silver. The mathematical protocols under which certain Cryptocurrencies are mined permit the creation of a limited, predetermined amount of currency, while others have no limit established on total supply. Increased numbers of Miners and deployed Mining Power globally will likely continue to increase the available supply of Bitcoin and other Cryptocurrencies, which may depress their market price. Further, large block sales involving significant numbers of Bitcoin following appreciation in the market price of Bitcoin may also increase the supply of Bitcoin available on the market, which, without a corresponding increase in demand, may cause its price to fall. Additionally, to the extent that other vehicles investing in Cryptocurrencies or tracking

Cryptocurrency markets form and come to represent a significant proportion of the demand for Cryptocurrencies, large redemptions of the securities of those vehicles and the subsequent sale of Cryptocurrencies by such vehicles could negatively affect Cryptocurrency prices and therefore affect the value of the Cryptocurrency inventory the Company holds. Such events could have a Material Adverse Effect on the Company's business, prospects or operations and potentially the value of any Bitcoin or other Cryptocurrencies mined or otherwise acquired or held for its own account.

SATO may not adequately respond to price fluctuations and rapidly changing technology, which may negatively affect its business.

Competitive conditions within the Cryptocurrency industry require that the Company use sophisticated technology in the operation of its business. The industry for Blockchain technology is characterized by rapid technological changes, new product introductions, enhancements, and evolving industry standards. New technologies, techniques, or products could emerge that might offer better performance than the software and other technologies currently used by the Company, and the Company may have to manage transitions to these new technologies to remain competitive. The Company may not be successful, generally or relative to its competitors in the Cryptocurrency industry, in timely implementation of new technology into its systems or doing so in a cost-effective manner. During the course of implementing any such new technology into the Company's operations, the Company may experience system interruptions and failures. Furthermore, there can be no assurances that the Company will recognize, in a timely manner or at all, the benefits that the Company may expect as a result of implementing new technology. As a result, the Company's business and operations may suffer, and there may be adverse effects on the price of the Company Shares.

SATO's security procedures and protocols may be ineffective in reducing its exposure to hacking or adverse software events.

In order to minimize risk, the Company has established processes such as a Multi-Signature, to manage Wallets that are associated with its Cryptocurrency holdings. There can be no assurances that any processes the Company has adopted or will adopt in the future are or will be secure or effective, and the Company would suffer significant and immediate adverse effects if the Company suffered a loss of its Cryptocurrency due to an adverse software or cybersecurity event. The Company utilizes several layers of threat reduction techniques, including:

(a) the use of hardware Wallets to store sensitive private key information;
(b) performance of transactions offline;
(c) offline generation storage and use of private keys, including Multi-Signature; and
(d) custody via online digital banking, cold Wallets with Multi-Signature and/or MPC Wallets.

The Company evaluates third-party custodial Wallet alternatives, but there can be no assurance it will utilize such services, and if a custodial Wallet is used there can be no assurance that such services will be secure. Human error and the constantly evolving state of cybercrime and hacking

techniques may render present security protocols and procedures ineffective in ways which the Company cannot predict. The Company's Cryptocurrency assets are not subject to deposit insurance provided by the Canada Deposit Insurance Corporation (CDIC) or anyone else and may not be adequately covered by private insurance; therefore, if the Company's security procedures and protocols are ineffective and its Cryptocurrency assets are compromised by cybercriminals, the Company may not have adequate recourse to recover its losses stemming from such compromise and the Company may lose much of the accumulated value of its Cryptocurrency Mining activities. This would have a negative impact on the Company's business and operations.

If a malicious actor or botnet obtains control of more than 50% of the processing power on a Cryptocurrency network, such actor or botnet could manipulate Blockchains to adversely affect the Company, which would adversely affect an investment in the Company or its ability to operate.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to Mining, it may be able to alter Blockchains on which transactions of Cryptocurrency reside and rely by constructing fraudulent Blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new units or transactions using such control. The malicious actor could "double-spend" its own Cryptocurrency (i.e., spend the same Bitcoin in more than one transaction) and prevent the confirmation of other users' transactions for as long as it maintained control. To the extent that such a malicious actor or botnet does not yield its control of the processing power on the network or the Cryptocurrency community does not reject the fraudulent Blocks as malicious, reversing any changes made to Blockchains may not be possible. The foregoing description is not the only means by which the entirety of Blockchains or Cryptocurrencies may be compromised but is only an example.

Although there are no known reports of malicious activity or control of Blockchains achieved through controlling over 50% of the processing power on the network, it is believed that certain Mining Pools may have exceeded the 50% threshold in Bitcoin. The possible crossing of the 50% threshold indicates a greater risk that a single Mining Pool could exert authority over the validation of Bitcoin transactions. To the extent that the Bitcoin ecosystem, and the administrators of Mining Pools, do not act to ensure greater decentralization of Bitcoin Mining processing power, the feasibility of a botnet or malicious actor obtaining control of the Blockchain's processing power will increase, because such botnet or malicious actor could more readily infiltrate and seize control over the Blockchain by compromising a single Mining Pool, if the Mining Pool comprises more than 50% of the Mining Power on the Blockchain, than it could if the Mining Pool had a smaller share of the Blockchain's total hashing power. Conversely, if the Blockchain remains decentralized, it is inherently more difficult for the botnet or malicious actor to aggregate enough processing power to gain control of the Blockchain. If one actor or botnet were to aggregate enough processing power to gain control of the Blockchain, the public may lose confidence in the Bitcoin Blockchain and Blockchain technology more generally. This would

likely have a material and adverse effect on the price of Bitcoin, which could have a material adverse effect on the Company's business, financial results and operations, and harm investors.

If the award of Cryptocurrency rewards for solving Blocks are not sufficiently high, Miners may not have adequate incentive to continue Mining and may cease Mining Operations, which may make the Blockchains they support with their Mining activity less stable.

As the number of Cryptocurrency rewards awarded for solving a Block in a Blockchain decreases, the relative cost of producing a single Cryptocurrency will also increase, unless there is a corresponding increase in demand for that Cryptocurrency. Even relatively stable demand may not be sufficient to support the costs of Mining, because as new Miners begin working to solve Blocks, the relative amount of energy expended to obtain a Cryptocurrency award will tend to increase. This increased energy directly relates to an increased cost of Mining, which means an increased cost of obtaining a Cryptocurrency award. This increased cost, if not met with a corresponding increase in the market price for the Cryptocurrency resulting from increased scarcity and demand, may lead Miners to conclude they do not have an adequate incentive to continue Mining and, therefore, may cease their Mining Operations. This reduction in active Miners supporting a Blockchain may result in a reduction in the aggregate Hashrate devoted to the Blockchain as its Cryptocurrency award is reduced. The Company believes this would tend to adversely affect the confirmation process for transactions (i.e., temporarily decreasing the speed at which Blocks are added to a Blockchain until the next scheduled adjustment in difficulty for Block solutions) and make Cryptocurrency networks more vulnerable to a malicious actor or botnet obtaining control in excess of 50% of the processing power active on a Blockchain. This could permit such malicious actors or botnets to manipulate a Blockchain in a manner that adversely affects its activities. A reduction in confidence in the confirmation process or processing power of the network could result and be irreversible. Such events could have a material adverse effect on the Company ability to continue to pursue its strategy at all, which could have a material adverse effect on its business, prospects, or operations and potentially the value of any Bitcoin or other Cryptocurrencies mined or otherwise acquired or held for its own account.

Risks Related to the Cryptocurrency Mining Business in General

Novelty Risk and Limited History of the Bitcoin Market.

Bitcoin is just over a decade old, which makes it one of the youngest multi-billion dollar assets in the world. Other Cryptocurrencies like Ethereum are younger. Due to this limited history, it is not clear how all elements of Bitcoin and other Cryptocurrencies will unfold over time, specifically with regard to governance between Miners, developers and users, as well as the long-term security model as the rate of inflation of Bitcoin decreases. There is no assurance that usage of Bitcoin, or any other Cryptocurrencies, and its Blockchain will continue to grow. A contraction in use of Bitcoin or its Blockchain may result in increased volatility or a reduction in the price of Bitcoin and other Cryptocurrencies which could adversely impact the price of the Company Shares.

Since the Bitcoin community has successfully navigated a considerable number of technical and political challenges since its inception, the Company believes that it will continue to engineer its way around future challenges. The history of open source software development would indicate that vibrant communities are able to change the software under development at a pace sufficient to stay relevant. That said, the continuation of such vibrant communities is not guaranteed, and insufficient software development or any other unforeseen challenges that the community is not able to navigate could have an adverse impact on the Company's activities.

Possible Increase in Transaction Fees.

Bitcoin Miners, functioning in their transaction confirmation capacity, collect fees for each transaction they confirm. Miners confirm transactions by adding previously unconfirmed transactions to new Blocks in the Blockchain. Miners are not forced to confirm any specific transaction, but they are economically incentivized to confirm valid transactions as a means of collecting fees. Miners have historically accepted relatively low transaction confirmation fees because Miners have very low marginal cost of validating unconfirmed transactions. If transaction fees paid for Bitcoin transactions become too high, the marketplace may be reluctant to accept Bitcoin as a means of payment and existing users may be motivated to switch from Bitcoin to another Cryptocurrency or to fiat currency. Miners may collude in an anticompetitive manner to reject low transaction fees, then Bitcoin users could be forced to pay higher fees, thus reducing the attractiveness of the Bitcoin Network. Bitcoin Mining occurs globally and it may be difficult for authorities to apply antitrust regulations across multiple jurisdictions. Any collusion among Miners may adversely impact the value of the shares.

This collusion event may happen because of how Miners are incentivized to mine. When a Block is mined, the Miner earns two different rewards. The first reward is fixed by the protocol and is currently 6.25 Bitcoins per Block mined (until the next Halving, slated for April 2024). This Block Reward was initially 50 Bitcoins per Block but the protocol divides it by two every four years during the halving event. Bitcoin has been working since 2009, the third halving occurred in May 2020 and this is why the Block Reward is 6.25 Bitcoins (50/2/2/2 = 6.25). The second reward is the Block fee reward, it corresponds to the sum of the transaction fees attached to the transactions in the Block, the miner tries to maximize it by selecting the transactions that pay more. But as the Block reward is deterministic and tends to zero (in 2140 it will be zero), Miners will progressively only be paid by transaction fees. It could be a motivation to significantly increase their fees expectations, impacting the threshold for transactions to be included in a Block. The requirement from Miners of higher transaction fees in exchange for recording transactions in a Blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for Bitcoin and prevent the expansion of the Bitcoin Network to retail merchants and commercial businesses, resulting in a reduction in the price of Bitcoin that could adversely impact an investment in the Company Shares. As a result, when users of the network will experience higher fees, they might decide to stop using the network, thus decreasing the Company's revenues.

The Lightning Network could have a negative impact on transaction fees.

While the Lightning Network is gaining ground as a more efficient method of transacting in smaller amounts of Bitcoin, Miners may face the issue of a reduction in transaction fees and thus less incentive to mine. Indeed, thousands of transactions in the Lightning Network can result in only a few transactions in the Blockchain, reducing the level of network congestion and the transaction fees, in terms of the value of the fees but also the number of fees collected. Alternatively, fee rewards may increase significantly as making transactions on chain is the front door to enter the Lightning Network and capture transaction fees on this layer 2 solution. Today's design of the Lighting Network may not be efficient enough to completely scale the network as opening and closing too many payment channels may be enough to obstruct the Bitcoin Blockchain, increasing the transaction fees and causing security flaws in the Lightning Network. Miners fortunately have solutions such as channel factories that will significantly reduce the need to use the Bitcoin Blockchain to open and close payment channels. The main risk of the Lightning Network on the Bitcoin Blockchain is that Miners have to prepare for both opposite scenarios, a reduction of the incentive to mine or a reduction of the competitiveness of the network. Developers work hard to avoid those extreme case scenarios and the development of the Lightning Network can also be an opportunity for Miners to capture new transaction fees.

Improper Transfers.

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred Cryptocurrencies may be irretrievable. As a result, any incorrectly executed or fraudulent Cryptocurrency transactions could adversely affect the Company's investments and assets.

Cryptocurrency transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the Cryptocurrencies from the transaction. In theory, Cryptocurrency transactions may be reversible with the control or consent of a majority of processing power on the network, however, the Company does not now, nor is it feasible that it could in the future, possess sufficient processing power to effect this reversal. Once a transaction has been verified and recorded in a Block that is added to a Blockchain, an incorrect transfer of a Cryptocurrency or a theft thereof generally will not be reversible, and the Company may not have sufficient recourse to recover its losses from any such transfer or theft. It is possible that, through a computer or human error, or through theft or criminal action, the Company's Cryptocurrency rewards could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts. At this time, there is no specifically enumerated U.S., Canadian or foreign governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen Cryptocurrency. To the extent that the Company is unable to recover the losses from such action, error or theft, such events could have a material adverse effect on its ability to continue as a going concern or to pursue its new strategy at all, which could have a material adverse effect on the Company business, prospects or operations of and potentially the value of any Bitcoin or other Cryptocurrencies it mined or otherwise acquired or held for its own account.

Dependence on Bitcoin and Blockchain Developers.

While many contributors to Bitcoin's software and other Blockchain developers are employed by companies in the industry, most of them are not directly compensated for helping to maintain the protocol. As a result, there are no contracts or guarantees that they will continue to contribute to Bitcoin's software or any other Blockchain. If developers were to stop contributing to the Blockchain, the protocol would enter a phase where long term upgrades to the protocol would face scalability issues or short-term emergency code corrections would be delayed which may adversely affect the protocol and an investment in the shares. The developer reaction time is very important, as shown in 2010 when a user was able to create 184,467,440,737 free Bitcoins by exploiting a programming flaw known as value overflow. In this instance, programmers were able to find and fix the vulnerability in only five hours.

Issues with the Technology Underlying the Bitcoin Network and Evolution of Computing Power.

Although the Bitcoin Network is the most established digital asset network, the Bitcoin Network and other cryptographic and algorithmic protocols governing the issuance of digital assets represent a new and rapidly evolving industry that is subject to a variety of factors that are difficult to evaluate. In the past, flaws in the source code for digital assets have been exposed and exploited, including flaws that disabled some functionality for users, exposed users' personal information, or resulted in the theft of users' digital assets. The cryptography underlying Bitcoin could prove to be flawed or ineffective, or developments in mathematics and technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to take the Company's Bitcoin, which would adversely affect an investment in the shares. Moreover, functionality of the Bitcoin Network may be negatively affected such that it is no longer attractive to users, thereby dampening demand for Bitcoin. Even if another digital asset other than Bitcoin were affected by similar circumstances, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively affect the demand for digital assets and therefore adversely affect an investment in the shares.

The Bitcoin Network is protected by a classic public/private key algorithm that is impossible to crack with today's most powerful computers. Even with progress in classic computers, Bitcoin encryption should be safe for many decades. However, this could change with the advent of a new type of computer, commonly called quantum computers. For a narrow set of tasks, quantum computers could prove to be hundreds of trillion of times more powerful than traditional computers. One of these narrow tasks would be to decrypt encrypted communication like the Bitcoin Network but also all other types of encrypted networks such as banks, private messaging, military communications etc.

Many research projects around the globe are trying to make quantum computers a reality. The fastest quantum computers at the moment have a few thousand Qubits, but due to the unstable and probabilistic nature of quantum computers, only a few Qubits are actually performing calculations. It is estimated that cracking a 256 bits encryption would require a few thousand

working Qubits. So in essence a few thousand times more than today's fastest quantum computers. As a result, it is commonly accepted that such a feat will not be reached within at least another decade. Of course, an unknown breakthrough could make this timing faster.

If there is a loss of confidence in the encryption protecting the Bitcoin Blockchain, Bitcoin may decrease in value and the Company's business, prospects, and operations may be adversely impacted.

Disputes on the Development of the Bitcoin Network may lead to Delays in the Development of the Network.

There can be disputes between contributors on the best paths forward in building and maintaining Bitcoin's software. Furthermore, Miners, like the Company, supporting the network and companies using it can disagree with the contributors as well, creating greater debate. Therefore, the Bitcoin community often iterates slowly upon contentious protocol issues, which many perceive as prudently conservative, while others worry that it inhibits innovation. Any disruption in maintaining Bitcoin's software could negatively affect the Company performance and share price.

Significant Increase in Bitcoin Interest Could Affect the Ability of the Bitcoin Network to Accommodate Demand.

One of the most contentious issues within the Bitcoin community has been around how to scale the network as user demand continues to rise. The debate goes back to the earliest days of Bitcoin. Cryptocurrencies face significant scaling obstacles that can lead to high fees or slow transaction settlement times and attempts to increase the volume of transactions may not be effective. Scaling Cryptocurrencies is essential to the widespread acceptance of Cryptocurrencies as a means of payment, which widespread acceptance is necessary to the continued growth and development of the Company business. For example, Cryptocurrencies are limited with respect to how many transactions can occur per second. Participants in the Cryptocurrency ecosystem debate potential approaches to increasing the average number of transactions per second that the network can handle and have implemented mechanisms or are researching ways to increase scale. Examples include increasing the allowable sizes of Blocks, and therefore the number of transactions per Block, and "sharding" (a horizontal partition of data in a database or search engine), which would not require every single transaction to be included in every single miner's or validator's Block. There are many possible solutions, and most of them boil down to different ideologies on how Bitcoin should be used. There is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of Cryptocurrency transactions will be effective, or of how long they will take to become effective, which could adversely affect an investment in the Company Shares. It will be important for the community to continue to develop at a pace that meets the demand for transacting in Bitcoin, otherwise users may become frustrated and lose faith in the network, which could affect the Company's revenues and share price.

Bitcoin's Blockchain may Temporarily or Permanently Fork and/or Split.

The Bitcoin software and protocol are open source. When a modification is released by the developers and a substantial majority of Miners consent to the modification, the change is implemented and the Bitcoin Network continues uninterrupted. However, if a change were activated with less than a substantial majority consenting to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a "hard fork" (i.e. a split) of the Bitcoin Network (and the Blockchain). One Blockchain would be maintained by the pre-modified software and the other by the post-modification software: both Blockchain algorithms would be running parallel to one another, but each would be building an independent Blockchain with independent native assets (e.g., Bitcoin 1 and Bitcoin 2). The effect of such a fork would be the existence of two versions of the Cryptocurrency running in parallel yet lacking interchangeability and necessitating exchange-type transactions to convert currencies between the two forks. Additionally, it may be unclear following a fork which fork represents the original asset, and which is the new asset. Different metrics adopted by industry participants to determine which is the original asset include: referring to the wishes of the core developers of a Cryptocurrency, Blockchains with the largest amount of hashing power contributed by Miners or validators; or Blockchains with the longest chain. A fork in the network of a particular Cryptocurrency could adversely affect an investment in its securities or its ability to operate.

Although forks are likely to be addressed by a community-led effort to merge the two groups, such a fork could adversely affect Bitcoin's viability. There is a precedent for this occurring, as witnessed with two Bitcoin hard forks in 2017. Following long-term debate on how to scale the Bitcoin Network's transaction capacity, on August 1, 2017, the digital currency forked into Bitcoin Classic (BTC) and Bitcoin Cash (BCH). On October 24, 2017, Bitcoin further forked to create Bitcoin Gold (BTG). Bitcoin Classic, Bitcoin Cash, and Bitcoin Gold continue to exist today, and though their combined value exceeds the value of the network prior to the fork, future forking events could prove substantially more detrimental to the value of the Bitcoin Network.

The Company may not be able to realize the economic benefit of a fork, either immediately or ever, which could adversely affect an investment in its securities. If the Company holds a Cryptocurrency at the time of a hard fork into two Cryptocurrencies, industry standards would dictate that it would be expected to hold an equivalent amount of the old and new assets following the fork. However, the Company may not be able, or it may not be practical, to secure or realize the economic benefit of the new asset for various reasons. For instance, the Company may determine that there is no safe or practical way to take custody of the new asset, that trying to do so may pose an unacceptable risk to its holdings in the old asset, or that the costs of taking possession and/or maintaining ownership of the new Cryptocurrency exceed the benefits of owning the new Cryptocurrency. Additionally, laws, regulations, or other factors may prevent the Company from benefiting from the new asset even if there is a safe and practical way to take custody of and secure the new asset.

Attacks on the Bitcoin Network or on any Blockchain.

The Bitcoin Network and other Blockchains are periodically subject to distributed Denial of Service Attacks to clog the list of transactions being tabulated by Miners, which can slow the confirmation of authentic transactions. Another avenue of attack would be if a large number of Mining Rigs were taken offline, in which case it could take some time before the difficulty of the mining process algorithmically adjusts, which would stall Block creation time and therefore transaction confirmation time. Thus far these scenarios have not plagued the network for long or in a systematic manner. Such an attack could lower the revenues of the Company and create doubt on the Bitcoin Network or other Blockchains as a whole.

Significant Energy Consumption to run the Bitcoin Network.

Because of the significant computing power required to mine Bitcoin, the network's energy consumption as a whole may be negatively perceived by the general populace and ultimately be deemed to be, or indeed become, unsustainable (barring improvements in efficiency which could be designed for the protocol). This could pose a risk to broader and sustained acceptance of the network as a peer-to-peer transactional platform. If the network loses acceptance, the Company's business and prospects may be adversely impacted.

Settlement of Transactions on the Bitcoin Network.

There is no accepted central clearing house for cash-to-Bitcoin transactions. Current practice is for the purchaser of Bitcoin to send fiat currency to a bank account designated by the seller, and for the seller to broadcast the transfer of Bitcoin to the purchaser's public Bitcoin address upon receipt of the cash. The purchaser and seller monitor the transfer with a transaction identification number that is available immediately upon transfer and is expected to be included in the next Block confirmation. When the Company purchases Bitcoin from or sells Bitcoin to a Bitcoin counterparty, such as OTC or an exchange, there is a risk that the Bitcoin counterparty will not initiate the transfer on the Bitcoin Network upon receipt of cash from the Company, or that the bank where the Bitcoin counterparty's account is located will not credit the incoming cash from the Company. The Company mitigates this risk by transacting with Bitcoin counterparties that have undergone due diligence and by confirming the solvency of the Bitcoin counterparty and the bank designated by each Bitcoin counterparty based on publicly available information.

Issues with the validation process and proof of stake model.

Proof of stake is an alternative method in validating Cryptocurrency transactions. Should the algorithm shift from a proof of work validation method to a proof of stake method, Mining would likely require less energy, which may render any company that maintains advantages in the current climate (for example, from lower priced electricity, processing, real estate, or Hosting) less competitive. The Company, as a result of its efforts to optimize and improve the efficiency of its Cryptocurrency Mining Operations, may be exposed to the risk in the future of losing the benefit of its capital investments and the competitive advantage it hopes to gain from this as a

result and may be negatively impacted if a switch to proof of stake validation were to occur. Such events could have a material adverse effect on the Company's ability to continue as a going concern or to pursue a new strategy at all, which could have a material adverse effect on the Company's business, prospects, or operations and potentially the value of any Bitcoin or other Cryptocurrencies mined or otherwise acquired or held for the Company's own account.

Miners Capitulation.

Miner capitulation is when the price of Bitcoin falls or mining machines become technologically obsolete, and Miners are forced to sell the Bitcoins earned via mining, often all at once, to keep the lights on, cash out, or to upgrade their systems for the future.

Even though the Company will take all measures possible never to capitulate, the possibility it will happen is high and could make the Company's stock go to zero.

Risks Relating to the Company

The Company has a history of operating losses, and the Company may not be able to achieve or sustain profitability.

The Company's primary focus is on its digital currency Mining Operation located at the Joliette Facility. The Company has in the past experienced losses and negative cash flows from operations. To date, the Company has, in large part, relied on equity financings, selling Bitcoin inventory and loans to fund operations and, if Cryptocurrency prices are not sufficiently high to enable the Company to sell the Cryptocurrency mined at prices above the cost to mine it, then the Company may be unable to fund operations without raising additional capital.

Even if prices are sufficiently high for the Company's Mining activities, the Company is likely to need to raise additional capital to fund the acquisition of new hardware to replace existing machines and expand its fleet of Mining Rigs to be competitive in a volatile and highly competitive industry.

The Company may be unable to raise the additional capital needed to grow the business.

The Company may operate at a loss, while the business strategy is introduced and implemented, or if Cryptocurrency prices decline, and the Company expects to need to raise additional capital to expand the operations and pursue its growth strategies, including potential acquisitions of complementary businesses, and to respond to competitive pressures or unanticipated working capital requirements. The Company may not be able to obtain additional debt or equity financing on favorable terms, if at all, which could impair growth and adversely affect the Company's existing operations. If the Company raises additional equity financing, the existing shareholders may experience significant dilution of their ownership interests, and the per share value of the Company Shares could decline. Furthermore, if the Company engages in additional debt financing, the holders of debt likely would have priority over the holders of Company Shares in order of payment preference. The Company may be required to accept terms that restrict its ability to incur additional indebtedness or take other actions including terms that

require it to maintain specified liquidity or other ratios that could otherwise not be in the interests of Company Shareholders.

The COVID-19 global pandemic has disrupted and may continue to disrupt the manufacture and availability of new Miners, which could materially and adversely affect the Company's business and results of operations.

At the beginning of the year 2020 the outbreak of the novel strain of coronavirus, specifically identified as COVID-19 ("COVID-19") spread as a global pandemic throughout the world and resulted in authorities imposing, and businesses and individuals implementing, numerous unprecedented measures to try to contain the virus. The extent to which the COVID-19 pandemic will continue to affect the Company's business, results of operations and financial condition is difficult to predict and depends on numerous evolving factors, including: the duration and scope of the pandemic and its impact on overall global uncertainty; government, social, business and other actions that have been and will be taken in response to the pandemic; the ongoing effect of the pandemic on short- and long-term general economic conditions; and the efficacy of the government and central bank interventions.

A significant increase in both air and sea freight costs due to restrictions and disruptions of transportation resulted in higher shipping costs for the Company for Mining Equipment from manufacturing locations primarily located in China to its operations in Canada. If these increased costs persist it could have a material adverse effect on the Company's financial condition and results of operations.

COVID-19-related restrictions on travel, work, and movement of goods and supplies have had a particularly strong impact on the global supply chain and availability of semiconductors, which are used in the manufacture of the ASIC chips used in the hardware the Company operates. The strain on the global supply of semiconductors has resulted in decreased production across many industrial sectors.

While manufacturing partners and component suppliers mostly have been able to continue to operate to date in compliance with applicable regulations and current limitations, future restrictions on their operations could impact their ability to meet global demand for new Mining Equipment. If the Company is unable to acquire new Mining Equipment, or if the cost for new machines is excessively high, the Company may not be able to keep up with competition, which may materially and adversely affect the Company business and results of operations.

Global Economy and Geopolitical Issues.

Russia's continued invasion of Ukraine, and the response of the United Nations, the North Atlantic Treaty Organization (NATO), the United States and the European Union and each of their member states in adopting unprecedented sanctions against Russia, have led to significant economic disruptions worldwide. Those economic disruptions could impact the Company, its vendors and suppliers, and impose significant costs on the Company, including costs related to capital equipment and shipping.

In addition, Canada and China have had recent political conflicts that have affected trade between the two countries. Trade conflicts or restrictions could affect the Company's access to Chinese equipment such as Mining Rigs or network pieces. The Company's profitability, business, prospects, or operations could be greatly impacted if it were not able to access equipment from China.

SATO has an evolving business model which is subject to various uncertainties.

As Cryptocurrency assets and Blockchain technologies become more widely available, the Company expects the services and products associated with them to evolve. In order to stay current with the industry, the Company's business model may need to evolve as well. From time to time, the Company may modify aspects of its business model relating to its strategy. The Company cannot offer any assurance that these or any other modifications will be successful or will not result in harm to its business. The Company may not be able to manage growth effectively, which could damage its reputation, limit its growth and negatively affect its operating results. Furthermore, the Company cannot provide any assurance that it will successfully identify all emerging trends and growth opportunities in this business sector, and it may lose out on those opportunities. Such circumstances could have a material adverse effect on the Company's business, prospects, or operations.

SATO operations, investment strategies, and profitability may be adversely affected by competition from other methods of investing in Cryptocurrencies.

The Company competes with other users and/or companies that are Mining and other potential financial vehicles, including securities backed by or linked to Cryptocurrencies through entities similar to the Company. Market and financial conditions, and other conditions beyond its control, may make it more attractive to invest in other financial vehicles, or to invest in Cryptocurrencies directly, which could limit the market for the Company shares and reduce their liquidity. The emergence of other financial vehicles and exchange-traded funds have been scrutinized by regulators and such scrutiny and the negative impressions or conclusions resulting from such scrutiny could be applicable to the Company and impact its ability to successfully pursue its strategy or operate at all or to establish or maintain a public market for its securities. Such circumstances could have a Material Adverse Effect on the Company's business, prospects, or operations and potentially the value of any Bitcoin or other Cryptocurrencies mined or otherwise acquired or held for its own account, and thus harm investors. Each party could decide to develop offensive/defensive hacking techniques, directed towards Miners or pools, that could become hurtful to the Mining industry and therefore negatively impact the price of the Company Shares.

Currency Exposure.

Cryptocurrencies are predominantly quoted in and converted into U.S. dollars. If the value of the Canadian dollar increases relative to the U.S. dollar, the return on Bitcoin converted into Canadian dollars may be reduced, eliminated or made negative. The opposite can also occur and if it does occur, the Company may benefit from an increase in the value of the U.S. dollar

relative to the Canadian dollar. Mining Equipment purchased by the Company is also frequently sold in U.S. dollars. Canadian investors should be aware that the Company will not hedge against Canadian currency exposure. Fluctuations in the value of the Canadian dollar relative to the U.S. dollar will impact the Company's financial performance.

The Company's Cryptocurrencies may be subject to loss, theft, or restriction on access.

There is a risk that some or all of the Company's Cryptocurrencies could be lost or stolen. Cryptocurrencies are stored in Cryptocurrency sites commonly referred to as "Wallets" by holders of Cryptocurrencies, which may be accessed to exchange a holder's Cryptocurrency assets. Access to the Company's Cryptocurrency assets could also be restricted by cybercrime (such as a denial of service attack) against a service at which the Company maintains a hosted hot Wallet. A hot Wallet refers to any Cryptocurrency Wallet that is connected to the Internet. Generally, hot Wallets are easier to set up and access as compared to Wallets in cold storage, but they are also more susceptible to hackers and other technical vulnerabilities. Cold storage refers to any Cryptocurrency Wallet that is not connected to the Internet. Cold storage is generally more secure than hot storage but is not ideal for quick or regular transactions and the Company may experience lag time in its ability to respond to market fluctuations in the price of its Cryptocurrency assets. The Company has distributed its Cryptocurrencies among cold storage, MPC Wallets , hot Wallets and custody to reduce the risk of malfeasance and increase security, but the risk of loss of the Company's Cryptocurrency assets cannot be wholly eliminated.

Furthermore, the Company implemented appropriate policies and procedures to:

(a) ensure that no single individual may, alone, transfer digital assets owned by the Company and that each Person with access to any Wallet is trained to follow the Company's security policies;
(b) establish and enforce requirements for Multi-Signatures with different rules of engagement to access the different Wallets, including through the use of different Wallets requiring the signature of different Persons and different rules of access.
(c) ensure that cold storage, MPC Wallets and hot Wallets are used to store digital assets;
(d) keep the private keys, if any, to its Wallets in various locations;
(e) ensure that Governance is set up between users so that they may not access, either alone or together, the Wallets;
(f) ensure Bitcoins, digital assets and Wallets are never held in the Joliette Facility.

The Company is continually monitoring and updating its regulations to enhance security and governance, and it may add or implement additional policies and procedures in the future.

Hackers or malicious actors may launch attacks to steal, compromise or secure Cryptocurrencies, such as by attacking the Cryptocurrency network source code, exchange, Miners, third-party platforms, cold and hot storage locations or software, or by other means. From time to time the Company may be in control and possession of a substantial holding of Cryptocurrency. As the Company increases in size, it may become a more appealing target of

hackers, malware, cyber-attacks, or other security threats. Any of these events may adversely affect the Company's operations and, consequently, its investments and profitability. The loss or destruction of a private key required to access digital Wallets may be irreversible and in such a case the Company may be denied access for all time to its Cryptocurrency holdings or the holdings of others held in those compromised Wallets. The Company's loss of access to its private keys or its experience of a data loss relating to its digital Wallets could adversely affect the Company's investments and assets.

Cryptocurrencies are controllable only by the possessor of both the unique public and private keys relating to the local or online digital Wallet in which they are held, which Wallet's public key or address is reflected in the network's public Blockchain. The Company will publish the public key relating to digital Wallets in use when it verifies the receipt of transfers and disseminates such information into the network, but the Company will need to safeguard the private keys relating to such digital Wallets. To the extent such private keys are lost, destroyed, or otherwise compromised, the Company will be unable to access its Cryptocurrency rewards and such private keys may not be capable of being restored by any network. Any loss of private keys relating to digital Wallets used to store the Company Cryptocurrencies could have a material adverse effect on its ability to continue as a going concern or to pursue its strategy at all, which could have a material adverse effect on the Company's business, prospects or operations and potentially the value of any Bitcoin or other Cryptocurrencies mined or otherwise acquired or held for its own account.

Residency of the bank accounts or Wallet.

Some or part of the Company's treasury may reside outside Canada and all or a substantial portion of its assets may be located outside Canada. As a result, anyone seeking to enforce legal rights against the Company in Canada may find it difficult to do so.

Even though the Company has taken some extra measures to protect its Wallets with governance rules and Multi-Signature to access any funds, the mix of Hard Wallets, MPC Wallets, Digital Banks and Custodian Wallets could be lost forever resulting in the complete loss of asset value.

If the Company is unable to protect the confidentiality of its trade secrets, its business and competitive position could be harmed.

The Company plans to rely upon trademarks, copyright and trade secret protection (and possibly also patents in the future), as well as non-disclosure agreements and invention assignment agreements with employees, consultants, and third parties, to protect all confidential and proprietary information. Significant elements of the Company's intended products and services are based on unpatented trade secrets and know-how that are not publicly disclosed. In addition to contractual measures, the Company tries to protect the confidential nature of its proprietary information using physical and technological security measures. Such measures may not, for example, in the case of misappropriation of a trade secret by an employee or third party with authorized access, provide adequate protection for the Company's proprietary information. The

security measures may not prevent an employee or consultant from misappropriating the Company's trade secrets and providing them to a competitor, and the recourse the Company takes against such misconduct may not provide an adequate remedy to protect its interests fully. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive, and time-consuming, and the outcome is unpredictable. In addition, trade secrets may be independently developed by others in a manner that could prevent legal recourse by the Company. If any of the Company's confidential or proprietary information, such as its trade secrets, were to be disclosed or misappropriated, or if any such information was independently developed by a competitor, the Company's competitive position could be harmed.

The Company may inadvertently infringe the intellectual property rights of others, which may prevent or delay its product development efforts and stop the Company from commercializing or increasing the costs of commercializing the intended products and services.

The Company's commercial success depends significantly on its ability to operate without infringing the patents and other intellectual property rights of third parties. However, due to the open-source and constantly evolving nature of its business, the Company may not always be able to determine that it is using or accessing protected information or software. For example, there could be issued patents of which the Company is not aware that the Company's products infringe. There also could be patents that the Company believes do not infringe, but that it may ultimately be found to infringe. Moreover, patent applications are in some cases maintained in secrecy until patents are issued. The publication of discoveries in scientific or patent literature frequently occurs substantially later than the date on which the underlying discoveries were made and patent applications were filed. Because patents can take many years to issue, there may be currently pending applications of which the Company is unaware that may later result in issued patents that its products infringe.

Accordingly, the Company could expend significant resources defending against patent infringement and other intellectual property right claims, which could require the Company to divert resources away from operations. Any damages the Company is required to pay or injunctions against the Company's continued use of such intellectual property in the resolution of such claims may cause a material adverse effect to its business and operations, which could adversely affect the trading price of the Company Shares and harm its investors.

Geographic concentration.

All of the Company's operations are located in Canada, in the Province of Québec. As a result, the Company's performance will be particularly sensitive to economic, political and regulatory changes in Canada, generally, and in Québec, specifically. Adverse changes in the economic condition, political or regulatory environment of Québec may have a material adverse effect on the Company's business, financial position, results of operations or cash flows.

Loss of any of its management team, inability to execute an effective succession plan, or its inability to attract and retain qualified personnel, could adversely affect the Company's business.

The Company's success and future growth will depend to a significant degree on the skills and services of its management, including the Company's Chief Executive Officer and Chief Operating Officer. The Company will need to continue to grow its small executive management to alleviate pressure on its existing team, including with regard to meeting its public company reporting requirements, and to continue to develop its business. If the Company's management, including any new hires that it may make, fails to work together effectively and to execute its plans and strategies on a timely basis, the Company's business could be harmed. Furthermore, if the Company fails to execute an effective contingency or succession plan with the loss of any member of management, the loss of such management personnel may significantly disrupt the Company's business.

The loss of key members of management could inhibit the Company's growth prospects. The Company's future success also depends in large part on its ability to attract, retain and motivate key management and operating personnel. As the Company continues to develop and expand its operations, the Company may require personnel with different skills and experiences, and who have a sound understanding of its business and the Cryptocurrency industry. The market for highly qualified personnel in this industry is very competitive and the Company may be unable to attract or retain such personnel. If the Company is unable to attract such personnel, its business could be harmed.

Risks Related to Governmental Regulation and Enforcement

The Company's interactions with a Blockchain may expose the Company to SDN or blocked persons or cause the Company to violate provisions of law that did not contemplate distributing ledger technology.

The Company is required to comply with Canadian sanctions under Canadian laws including the *United Nations Act* (Canada), the *Special Economic Measures Act* (Canada) and the *Justice for Victims of Corrupt Foreign Officials Act* (Canada), as well as United States sanctions imposed by the Office of Financial Assets Control ("OFAC") of the U.S. Department of Treasury, which require the Company to comply with their sanction programs and not to conduct business with persons named on their specially designated nationals ("SDN") list or any similar list. However, because of the pseudonymous nature of Blockchain transactions the Company may inadvertently and without its knowledge engage in transactions with persons named on OFAC's SDN list or any similar list. The Company's policies prohibit any transactions with such SDN individuals, but it may not be adequately capable of determining the ultimate identity of the individual with whom it transacts with respect to selling Cryptocurrency assets. Moreover, applicable law prohibits any person from knowingly or unknowingly possessing any visual depiction commonly known as child pornography. Media reports have suggested that persons have embedded such depictions on one or more Blockchains. Because the Company's business requires the Company to download and retain one or more Blockchains to effectuate its ongoing business, it is possible that such digital ledgers contain prohibited depictions without the Company's knowledge or

consent. To the extent government enforcement authorities literally enforce these and other laws and regulations that are impacted by decentralized distributed ledger technology, the Company may be subject, in Canada, the United States or other countries, to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties, all of which could harm the Company's reputation and affect the value of the Company Shares.

Banks and financial institutions may not provide banking services or may cut off services to businesses that engage in Cryptocurrency-related activities or that accept Cryptocurrencies as payment, including financial institutions of investors in the Company Shares.

Cryptocurrency acceptance and use by banks remains far from mainstream. Indeed, a number of companies and individuals engaged in Bitcoin or other Cryptocurrency related activities have been unable to find banks or financial institutions that are willing to provide them with banking services. Similarly, a number of companies and individuals or businesses associated with Cryptocurrencies may have had and may continue to have their existing banking services discontinued with financial institutions in response to government action, particularly in the USA. The Company also may be unable to obtain or maintain these services for its business. The difficulty that many businesses that provide Bitcoin or derivatives on other Cryptocurrency-related activities have and may continue to have in finding banks and financial institutions willing to provide them services may be decreasing the usefulness of Cryptocurrencies as a payment system and harming public perception of Cryptocurrencies, and could decrease their usefulness and harm their public perception in the future.

The usefulness of Cryptocurrencies as a payment system and the public perception of Cryptocurrencies could be damaged if banks or financial institutions were to close the accounts of businesses engaging in Bitcoin or other Cryptocurrency-related activities. This could occur as a result of compliance risk, cost, government regulation or public pressure. The risk applies to securities firms, clearance and settlement firms, national stock and derivatives or commodities exchanges and the over-the-counter market. If any of such entities adopts or implements such policies, rules, or regulations, it could negatively affect the Company's relationships with financial institutions and impede its ability to convert Cryptocurrencies to fiat currencies. Such factors could have a material adverse effect on the Company's ability to continue as a going concern or to pursue its new strategy at all, which could have a material adverse effect on its business, prospects, or operations and harm investors.

Regulatory changes or actions may alter the nature of an investment in the Company or restrict the use of Cryptocurrencies in a manner that adversely affects the Company's business, prospects, or operations.

As Cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to Cryptocurrencies. Certain governments have deemed them illegal, and others have allowed their use and trade without restriction, while in some jurisdictions, such as in the U.S. or Canada, Cryptocurrencies are subject to extensive, and in some cases overlapping, unclear and evolving regulatory requirements. Ongoing and future

regulatory actions could have a material adverse effect on the Company's business, prospects, or operations.

Due to Bitcoin's short history, and its emergence as a new asset class, regulation of Bitcoin is still a work in progress. The Company believes that the Bitcoin regulatory situation will continue to evolve to allow for innovation while also protecting consumers. Regulators worldwide are increasingly recognizing the powerful innovation of Bitcoin and Blockchain technology, and therefore the Company believes that it is unlikely that a hostile regulatory environment will develop. However, if a hostile regulatory environment were to emerge against Bitcoin, it could have an adverse impact on the price of the Company Shares.

Cryptocurrency exchanges and other trading venues are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure.

Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, derivatives and other currencies.

Because the crypto asset markets are largely unregulated today, many marketplaces and OTC counterparties that trade or facilitate trading exclusively in digital assets outside of Canada are not subject to registration or licensing requirements with any financial services regulatory body and, therefore, are not directly subject to prescribed know-your-customer, reporting and recordkeeping requirements which apply to financial services firms and other reporting entities under AML regulations. However, in Canada, most platforms that trade or facilitate trading in digital assets are subject to registration and AML requirements. The Company will use all reasonable efforts to confirm that each platform and institutional liquidity provider from which the Company may purchase Bitcoin is carrying out its activity in compliance with applicable securities and AML rules and regulations.

In February 2022, in reaction to the blockades in Ottawa to protest against vaccine mandates, the Canadian government required under the Emergencies Act that all cryptocurrency platforms register with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and report all suspicious transactions.

It may be illegal now, or in the future, to acquire, own, hold, sell or use Bitcoin, Ether, or other Cryptocurrencies, participate in Blockchains or utilize similar Cryptocurrency assets in one or more countries, which would adversely affect the Company.

Although currently Cryptocurrencies generally are not regulated or are lightly regulated in most countries, several countries, such as China, may continue taking regulatory actions in the future that could severely restrict the right to acquire, own, hold, sell or use these Cryptocurrency assets or to exchange for fiat currency. Such restrictions may adversely affect the Company as the large-scale use of Cryptocurrencies as a means of exchange is presently confined to certain regions globally. Such circumstances could have a material adverse effect on the Company's business, prospects, or operations and potentially the value of any Bitcoin or other

Cryptocurrencies mined or otherwise acquired or held for the Company's own account, and thus affect the price of the Company Shares.

Countries could decide to regulate or reduce Mining in some regions as part of energy management programs or for other policy goals, and thus force Miners to relocate or force them to close altogether. In the past, Québec applied a Moratorium on Mining and they may decide to modify it to strengthen their rules, which could directly affect the Joliette Facility and the Company's business, prospects, or operations

Competition between places around the world to attract Mining Operations could make the Company less attractive due to better situations offered by places other than Québec.

State laws in parts of the U.S. have created incentives for Miners to locate operations in certain jurisdictions, including tax breaks on sales and on energy consumed. As Bitcoin becomes increasingly de-risked through institutional and retail adoption, more states will likely realize that they can benefit from attracting the industry.

Québec, where all of the Company Mining Operations are located, while business minded and open to data center and technology in general, could choose a different path and start to put brakes into developing mining in the province. This will have a negative impact on the Company, which could be forced to relocate or stop activities.

SATO is subject to risks associated with its need for significant electrical power. Government regulators may potentially restrict the ability of electricity suppliers to provide electricity to Mining Centres.

The operation of a Bitcoin or other Digital assets Mining Centre can require massive amounts of electrical power. Further, the Company's Mining Operations can only be successful and ultimately profitable if the costs, including electrical power costs, associated with mining a Bitcoin are lower than the price of a Bitcoin. As a result, any Mining Centre the Company establishes can only be successful if it can obtain sufficient electrical power on a cost-effective basis, and the establishment of new Mining Centres requires the Company to find locations where that is the case. There may be significant competition for suitable Mining Centre locations, and government regulators may potentially restrict the ability of electricity suppliers to provide electricity to Mining Centres in times of electricity shortage, or may otherwise potentially restrict or prohibit the provision of electricity to Mining Centres. Additionally, Mining Centres could be materially adversely affected by a power outage. Given the power requirement, it would not be feasible to run Mining Equipment on backup power generators in the event of a government restriction on electricity or a power outage. If the Company is unable to receive adequate power supply and is forced to reduce its operations due to the availability or cost of electrical power, the Company's business would experience materially negative impacts.

Climate change, and the regulatory and legislative developments related to climate change, may materially adversely affect the Company's business and financial condition.

The potential physical impacts of climate change on the Company's operations are highly uncertain and would be particular to the geographic circumstances in areas in which the Company operates. These may include changes in rainfall and storm patterns and intensities, water shortages, ice storms, heat waves, changing sea levels, and changing temperatures. Extreme weather events due to climate change could adversely impact electrical generation and distribution systems on which the Company's business depends. The impacts of climate change may materially and adversely impact the cost, production and financial performance of the Company's operations. Further, any impacts to its business and financial condition as a result of climate change are likely to occur over a sustained period of time and are therefore difficult to quantify with any degree of specificity. In addition, disruption of transportation and distribution systems could result in reduced operational efficiency and customer service interruption. Climate related events have the potential to disrupt the Company's business, including the business of its customers, and may cause the Company to experience higher attrition, losses and additional costs to resume operations.

The Company's activities could also become jeopardized if a solar flare was to happen, producing power shortages for an undetermined period of time.

In addition, a number of governments or governmental bodies have introduced or are contemplating legislative and regulatory changes in response to various climate change interest groups and the potential impact of climate change. Given the very significant amount of electrical power required to operate Cryptocurrency mining hardware, as well the environmental impact of mining with fossil fuel (including for the rare earth metals used in the production of Mining servers), the Cryptocurrency Mining industry may become a target for future environmental and energy regulation. Even though the Company's operations in Québec are using 99.9% renewable energy, legislation and increased regulation regarding climate change could impose significant costs on the Company and its suppliers, including costs related to increased energy requirements, capital equipment, environmental monitoring and reporting, and other costs to comply with such regulations. Any future climate change regulations could also negatively impact the Company's ability to compete with companies situated in areas not subject to such limitations. Given the political significance and uncertainty around the impact of climate change and how it should be addressed, the Company cannot predict how legislation and regulation will affect its financial condition, operating performance and ability to compete. Furthermore, even without such regulation, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by the Company or other companies in its industry could harm its reputation. Any of the foregoing could result in a material adverse effect on the Company's business and financial condition.

Tax Risks

The Company is subject to income, value added, withholding and other taxes.

Significant judgment is required in determining the provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the year in which such determination is made.

The Canadian Department of Finance has proposed changes to the Excise Tax Act that could limit the Company's ability to claim input tax credits

Proposed provisions to the Excise Tax Act would deem the Mining Operation carried on by the Company not to be a supply for GST/HST purposes subject to certain exceptions. This means that the Company would not be required to charge GST/HST in respect of these activities. In addition the Company would be limited in its ability to claim input tax credits in respect of property or services acquired or imported for consumption, use or supply in the course of, or in connection with, these activities as it would be deemed not to have acquired or imported the property or services in the course of commercial activities. Furthermore, the draft legislation may impact third parties that pay the Company to host their own mining equipment within the Company's space. If passed in its current form, these new provisions of the Excise Tax Act would be deemed to come into force on February 5, 2022, with limited grandfathering for entities that make payments in the form of taxable property or services as a fee, reward, payment or any other type of remuneration for performing mining activities. It is possible that other products and services provided by the Company may be subject to the new rules to the extent that such products or services are considered to be the allowance of the use of computing resources in connection with "cryptoasset" mining activities.

Risk Related to SATO's Obligations as a Public Company

Because there has been limited precedent set for financial accounting of Bitcoin and other Cryptocurrency assets, the determination that the Company has made for accounting for Cryptocurrency assets transactions may be subject to change.

Because there has been limited precedent set for the financial accounting of Cryptocurrencies and related revenue recognition, and no official guidance has yet been provided by the IASB or the Securities Regulatory Authorities, it is unclear how companies may in the future be required to account for Cryptocurrency transactions and assets and related revenue recognition. A

change in regulatory or financial accounting standards could result in the necessity to change the Company's accounting methods and restate its financial statements. Such a restatement could adversely affect the accounting for its newly mined Cryptocurrency rewards and more generally negatively impact its business, prospects, financial condition, and results of operations. Such circumstances would have a material adverse effect on the Company's ability to continue as a going concern or to pursue its strategy at all, which would have a material adverse effect on the Company's business, prospects, or operations as well as potentially the value of any Cryptocurrencies the Company holds or expects to acquire for its own account and harm investors.

SATO incurs significant costs and demands upon its management and accounting and finance resources as a result of complying with the laws and regulations affecting public companies; if the Company fails to maintain proper and effective internal controls, its ability to produce accurate and timely financial statements could be impaired, which could harm the Company's operating results, its ability to operate, its business and its reputation.

As a public reporting company, the Company is required to, among other things, maintain a system of effective internal controls over financial reporting. Ensuring that the Company has adequate internal financial and accounting controls and procedures in place so that it can produce accurate financial statements on a timely basis is a costly and time consuming effort that needs to be re-evaluated frequently. Substantial work will continue to be required to further implement, document, assess, test and remediate the Company system of internal controls.

If the Company's internal controls over financial reporting are not effective, the Company may be unable to issue its financial statements in a timely manner, it may be unable to obtain the required audit or review of its financial statements by its independent registered public accounting firm in a timely manner, or it may be otherwise unable to comply with the periodic reporting requirements of the Securities Regulatory Authorities or the Exchange, and, as a result, the listing of the Company Shares on the Exchange could be suspended or terminated and the Company's share price could materially suffer. In addition, the Company or members of its management could be subject to investigation and sanction by the Securities Regulatory Authorities and to stockholder lawsuits, which could impose significant additional costs on the Company and divert management attention.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Securities Law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors

discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company Shares.

Risks Related to Ownership of the Company Shares

The trading price of the Company Shares has been, and is likely to continue to be, volatile; you might not be able to sell your shares at or above the price that you paid for them and the Company may not be able to stop the decline of its share price.

If securities or industry analysts do not publish research or publish unfavorable research about the Company business, its share price and trading volume could decline.

The trading market for the Company Shares will be influenced by whether industry or securities analysts publish research and reports about the Company, its business, its market, or its competitors. The Company may not obtain or maintain analyst coverage in the future. Any analysts that do cover the Company may make adverse recommendations regarding the Company Shares, adversely change their recommendations from time to time, or provide more favorable relative recommendations about competitors. If analysts who may cover the Company in the future were to cease coverage of the Company or fail to publish reports on the Company, or if analysts fail to cover the Company or publish reports about the Company at all, the Company could lose (or never gain) visibility in the financial markets, which in turn could cause the price of the Company Shares or trading volume to decline. Moreover, if the Company's operating results do not meet the expectations of the investor community, one or more of the analysts who cover the Company may change their recommendations regarding its Company and its share price could decline.

The volatility in the trading price of the Company Shares and the large proportion held by retail investors may make the Company Shares a target of online campaigns to influence its trading price artificially, which may trigger markets or trading platforms to impose restrictions on the trading of the Company securities; as a result, investors in the Company Shares may incur substantial losses.

The Company Shares will be subject to various factors that may make the price of the Company Shares volatile.

The market price of the Company Shares could fluctuate significantly, in which case it may not be possible to re-sell the Company Shares at or above the current price of the Company Shares. The market price of the Company Shares may fluctuate based on a number factors in addition to those set out elsewhere herein, including:

(a) the Company's operating performance and the performance of the competitors and other similar companies;
(b) changes in recommendations by research analysts who may have the Company Shares;
(c) changes in the price of Bitcoin;

(d) changes in general economic and political conditions;
(e) the arrival or departure of key personnel; and
(f) acquisition, strategic alliances or joint ventures involving the Company or its peers.

In addition, the market price of the Company Shares will be affected by many variables not directly related to the Company's success and not within the Company's control, including developments that affect the Cryptocurrency industry as a whole, the breadth of the public market for the Company Shares, and the attractiveness of alternative investments. In addition, securities markets have experienced an extreme level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. As a result of these and other factors, the price of the Company Shares may be volatile in the future and may decline below the price of the Company Shares today.

Risks of future legal proceedings.

The Company may, from time to time, be subject to litigation claims in the ordinary course of its business. Litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome, among other matters. Any litigation could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's business, financial conditions and results of operations.

It is possible that future shareholders will decide to sue the company in a class action. If this happens, it could put the Company at risk of closing with all investors losing their investments.

The market for shares in Canada is not stable or predictable and shareholder profits may not be in the foreseeable future.

The market price for the Company Shares cannot be assured. Securities markets have recently experienced an extreme level of price and volume volatility. The market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

The trading price of the Company Shares may be subject to large fluctuations. For the same reason, the value of any of the Company's securities convertible into, or exchangeable for, Company Shares may also fluctuate significantly, which may result in losses to investors. The trading price of the Company Shares and, if applicable, any securities exercisable for, convertible into, or exchangeable for, Company Shares may increase or decrease in response to a number of events and factors, both known and unknown. In addition, the market price of the Company Shares will be affected by many variables not directly related to the Company's success and will therefore not be within its control, including other developments that affect the market for all sector securities, the breadth of the public market for the common shares, and the attractiveness of alternative investments.

In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such

litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Company's profitability and reputation.

The market price for the Company Shares may also be affected by the Company's ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of the Company Shares.

The Company has no immediate plans to pay dividends on the issued and outstanding Company Shares.

The Company has no certain plan to pay dividends on the issued and outstanding Company Shares in the foreseeable future. If the Company generates any future earnings, such cash resources will most likely be retained to finance further growth and current operations. The Company's Board will determine if and when dividends should be declared and paid in the future based on the Company's financial position and other factors relevant at the particular time. Until the Company pays dividends, which it may never do, a shareholder will not be able to receive a return on his or her investment in the Company Shares unless such Company Shares are sold. In such an event, a shareholder may only be able to sell his, her or its Company Shares at a price less than the price such shareholder originally paid for them, which could result in a significant loss of such shareholder's investment.

Liquidity

The Company cannot predict the trading price of the Company Shares, which may fluctuate in response to a number of events and factors, including but not limited to: the Company's financial condition, financial performance and future prospects; public announcements and the Company's filings with the Securities Regulatory Authorities and changes in general market and economic conditions. There can be no assurance that an active and liquid market will be developed for the Company Shares, and if developed, it may not be sustained, and an investor may find it difficult to resell any securities of the Company.

Dilution

The Company will require additional funds in respect of the further development of its business. If the Company raises funds by issuing additional equity securities, such financing will dilute the equity interest of its shareholders.

Significant Shareholders

Romain Nouzareth, a director of the Company, beneficially owns and controls approximately 15.26% of the aggregate Company Shares on a non-diluted basis, as at the date of this AIF. Mathieu Nouzareth beneficially owns and controls approximately 11.47% of the aggregate Company Shares on a non-diluted basis. The beneficial shareholdings of Romain Nouzareth and Mathieu Nouzareth will allow them to be in a position to affect the governance and operations of the Company significantly. There is a risk that the interests of Romain Nouzareth or Mathieu

Nouzareth may not be aligned with the interests of other shareholders of the Company on certain governance and operational matters relating to the Company.

Potential Conflicts of Interest

Certain directors and officers of the Company will also serve as directors or officers of other companies or may have significant shareholdings in other companies including companies in the same sector. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest, in accordance with the procedures set forth in the OBCA and other applicable laws.

Risk of inability to satisfy continuous listing requirements of the Exchange

The Company Shares are currently listed on the TSXV. However, no assurance can be given that the Company will be able to satisfy the continuous listing requirements of the Exchange going forward.

The Company is a holding company

The Company is a holding company and virtually all of its assets are the equity it holds in CCU Inc. As a result, investors in the Company are subject to the risks attributable to CCU Inc. Consequently, the Company's cash flows and ability to complete future enhancement opportunities are dependent on the earnings of CCU Inc. and the distribution of those earnings to the Company. The ability of CCU Inc. to pay dividends and other distributions depends on its operating results and is subject to applicable laws which require that solvency and capital standards be maintained by CCU Inc., as well as any contractual restrictions contained in any debt instruments of CCU Inc. In the event of a bankruptcy, liquidation or reorganization of CCU Inc., holders of indebtedness and creditors may be entitled to payment of their claims from the assets of CCU Inc. before the Company.

The trading price of the Company Shares may be correlated to the trading price and the underlying value of Bitcoin, which may be subject to pricing risks, including "bubble" type risks, and which has historically been subject to wide swings.

Bitcoin and other Cryptocurrency market prices, which have historically been volatile, are determined primarily using data from various exchanges, over-the-counter markets and derivative platforms. Furthermore, such prices may be subject to factors such as those that impact commodities, more so than business activities, which could be subjected to additional influence from fraudulent or illegitimate actors, real or perceived scarcity, and political, economic, regulatory or other conditions. Pricing may be the result of, and may continue to result in, speculation regarding future appreciation in the value of Cryptocurrencies making their market prices more volatile or creating "bubble" type risks for the trading price of Bitcoin.

During the year ended December 31, 2022, the trading price of Bitcoin has fluctuated significantly, from a high value of approximately US$47,881 per Bitcoin at the start of the year, to a low value of approximately US$15,656 per Bitcoin at the end of the year.

The Company cannot give any assurances that similar fluctuations in the trading price of Bitcoin will not occur in the future.

Other publicly traded companies operating Mining Centres have seen their stock price fluctuate with the value of Bitcoin, and the Company anticipates that its stock will experience similar volatility. The stock could lose all of its value very quickly, and any investment could be lost forever if this happens. A drastic drop in the Company's stock price will also impact the Company's capacity to raise capital or grow according to plan.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The Company applies the liability method of accounting for income taxes. Current tax expense is recognized based on the expected tax payable on the taxable income for the year, using the enacted tax rate at period end, adjusted for any amendments with regards to previous years. Deferred income tax assets and liabilities are recognized for the future income tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective tax bases, and for tax losses carried forward. Deferred income tax assets and liabilities are measured using the substantively enacted tax rates that will be in effect for the year in which the differences are expected to reverse. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the underlying tax loss or deductible temporary differences can be utilized. Deferred tax liabilities are always recognized in full. Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets and liabilities are recognized as a component of tax income or expense in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

The Company has earned Bitcoin from the commercial activity of digital assets mining by using pools. The Company has followed the published CRA view that Bitcoin is a commodity and inventory of the business, the value of which is included in the calculation of taxable income from the business. Digital assets are valued in accordance with Section 10 of the Income Tax Act. Revenue from Bitcoin mining is included in taxable income when the Bitcoin is earned from the pools. There is uncertainty regarding the taxation of Cryptocurrency and the CRA may assess the Company differently from the position adopted. This could result in additional current taxes payable with equal offset to deferred tax expense.

DIVIDENDS AND DISTRIBUTIONS

Although not restricted from doing so, the Company has not paid any dividends since incorporation and the Company does not expect to pay dividends in the foreseeable future.

Payment of dividends in the future will be made at the discretion of the Board based upon, among other things, cash flow, the results of operations and financial condition of the Company, the need for funds to finance ongoing operations and such other considerations as the Board considers relevant. If the Board determines that a dividend is appropriate, the Board may consider adopting a policy regarding distributions, which may be based on a percentage of Bitcoin production, a percentage of gross profits, or such other metric as the Board may determine. Such policy may also specify that dividends will only be paid provided a certain threshold is met, which may be based on Bitcoin price, total gross profits, or such other measure as the Board may determine.

DESCRIPTION OF CAPITAL STRUCTURE

The Company Shares are the only class of shares of SATO. Each Company Share carries one vote at all meetings of shareholders and carries the right to receive a proportionate share, on a per share basis, of the assets of the Company available for distribution in the event of a liquidation, dissolution or winding-up of the Company.

MARKET FOR SECURITIES

Trading Price and Volume

The Company Shares trade on the TSXV under the symbol "SATO".

The following table sets out the price range and trading volume for the Company Shares, as reported by the TSXV, for each month since the beginning of the Company's most recently completed financial year:

Month	Price Range		Volume
	High (CAD$)	Low (CAD$)	
January 2022	1.14	0.62	695,662
February 2022	0.82	0.56	308,452
March 2022	0.75	0.56	202,450
April 2022	0.63	0.40	192,895
May 2022	0.48	0.35	180,186
June 2022	0.47	0.17	357,115
July 2022	0.26	0.22	80,028
August 2022	0.60	0.22	300,080
September 2022	0.28	0.13	426,487

October 2022	0.21	0.135	122,733
November 2022	0.18	0.16	180,810
December 2022	0.165	0.11	162,746

Prior Sales

The following table summarizes, for each class of securities of the Company that is outstanding but not listed or quoted on a marketplace, the date on which securities were issued during the most recently completed financial year, the price at which such securities were issued, and the number of securities issued at that price.

Grant/Issue Date	Number of Securities Issued or Granted	Type of Security	Issue or exercise price
March 18	4,945,600	options to acquire common shares	$0.64
December 22	109,000	options to acquire common shares	$0.14

ESCROWED SECURITIES

There are three classes of escrow to which certain Company Shares are subject: (i) CPC Escrow Shares, (ii) Value Escrow Shares and (ii) Seed Share Escrow Shares. The CPC Escrow Shares are subject to an escrow that continues as part of the initial public offering of Capricorn, while the Value Escrow Shares are subject to an escrow as a result of the Transaction.

Designation of class	Aggregate number of securities subject to resale restrictions	Percentage of class
Company Shares	20,448,657[(1)]	28.17%
Options	218,387[(2)]	3.02%
Warrants	222,753[(2)]	14.34%

(1) Includes 124,603 CPC Escrow Shares, 13,633,384 Company Escrow Shares (as defined below), and 6,815,270 SSRR Escrow Shares (as defined below).
(2) Subject to the Surplus Security Escrow Agreement (as defined below).

Terms of the Escrow for the CPC Escrow Shares

CPC Escrow Shares are Company Shares held in escrow pursuant to Section 1.1 of Policy 2.4 (as in force prior to January 1, 2021) and the CPC Escrow Agreement, and released in accordance with the following timeline:

Percentage of Shares Released from Escrow		Shares Release Date
Tier 2 Issuer	Tier 1 Issuer	
10%	25%	Date of Final Exchange Bulletin[(1)]
15%	25%	6 months from Final Exchange Bulletin
15%	25%	12 months from Final Exchange Bulletin
15%	25%	18 months from Final Exchange Bulletin
15%	N/A	24 months from Final Exchange Bulletin
15%	N/A	30 months from Final Exchange Bulletin
15%	N/A	36 months from Final Exchange Bulletin

[(1)] The Final Exchange Bulletin was issued on September 14, 2021.

Terms of the Escrow for the Surplus Escrow Shares

Pursuant to the policies of the TSXV, and in addition to the CPC Escrow Shares, Company Shares ("Company Escrow Shares") received by certain shareholders who: (i) are principals of the Company (as such term is defined in the policies of the TSXV); (ii) hold Company Shares considered to be "surplus securities" by the policies of the TSXV; or (iii) are other parties, identified by the TSXV, are subject to escrow conditions prescribed by the TSXV pursuant to the terms of a Tier 2 surplus security escrow agreement entered into among the Company, the holders of Company Escrow Shares and an escrow agent (the "Surplus Security Escrow Agreement").

The Surplus Security Escrow Agreement provides for a three year escrow release mechanism as set out in the table below. The Company Escrow Shares may not be transferred within escrow without the approval of the TSXV for release or transfer other than in specified circumstances set out in the Surplus Security Escrow Agreement.

Percentage of Shares Released from Escrow	Shares Release Date
5%	Date of Final Exchange Bulletin[(1)]
5%	6 months from Final Exchange Bulletin
10%	12 months from Final Exchange Bulletin
10%	18 months from Final Exchange Bulletin
15%	24 months from Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin

40%	36 months from Final Exchange Bulletin

(1) The Final Exchange Bulletin was issued on September 14, 2021.

Seed Share Resale Restrictions

Further to the above, Company Shares (collectively, the "SSRR Escrow Shares") held by certain securityholders of the Company are subject to seed share resale rules under the policies of the TSXV and pursuant to the terms of a Tier 2 value security escrow agreement entered into among the Company, the holders of SSRR Escrow Shares and an escrow agent (the "SSRR Value Security Escrow Agreement").

The SSRR Escrow Agreement provides for a three year escrow release mechanism as set out in the table below. The SSRR Escrow Shares may not be transferred within escrow without the approval of the TSXV for release or transfer other than in specified circumstances set out in the SSRR Value Security Escrow Agreement:

Percentage of Shares Released from Escrow	Shares Release Date
10%	Date of Final Exchange Bulletin(1)
15%	6 months from Final Exchange Bulletin
15%	12 months from Final Exchange Bulletin
15%	18 months from Final Exchange Bulletin
15%	24 months from Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin
15%	36 months from Final Exchange Bulletin

(1) The Final Exchange Bulletin was issued on September 14, 2021.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following are the names and province, state and country residence of each director and officer of the Company, the positions and offices held with the Company, their respective principal occupations within the five preceding years and the number and percentage of Company Shares held by each of them.

Name, Province or State and Country of residence of each Director and Officer	Position held with the Company	Principal Occupation for the last five years	Director of the Company since	Company Shares Beneficially Owned, Controlled or Directed, Directly of Indirectly[5]
Frank Di Tomaso[1][2][3] Québec, Canada	Director, Chair of the Audit committee	Fellow Chartered Professional Accountant and Corporate Director	2021	500,000
Mathieu Nouzareth California, United States	Director	Bacasable Global Limited (d/b/a The Sandbox); Chief Executive Officer of FreshPlanet Inc.	2021	8,326,710
Romain Nouzareth New York, United States	Director, Chief Executive Officer, Chair of the Board	Co-founder and Chief Executive Officer of Canada Computational Unlimited Inc.	2021	11,079,552
Dominique Payette[1][2][3] Québec, Canada	Director, Chair of the Corporate Governance and ESG Committee	Senior Privacy Counsel at Royal Bank of Canada. Previously, Legal counsel at the National Bank of Canada	2021	Nil
Frederick T. Pye[1][2][3] Québec, Canada	Director, Chair of the Compensation Committee	President and Chief Executive Officer of 3iQ Corp (since September 2012); Co-founder and Director of Stablecorp Inc. (since June 2019)	2021	500,000
Kyle Appleby Ontario, Canada	Chief Financial Officer	Chief Financial Officer for various public companies[4]	N/A	11,905
Fanny Philip Québec, Canada	Chief Operating Officer	COO of the Company; previously VP Finance of the Company; Interim Chief Financial Officer of CCU Inc.	N/A	103,571
Alasdair Federico Ontario, Canada	Corporate Secretary	General Counsel of the Company since 2022; Self employed 2021-2022; Executive Vice-President Corporate Affairs and Social Responsibility of Kirkland Lake Gold Ltd. (2016-2021)	N/A	Nil

Notes:

(1) Member of the Compensation Committee.
(2) Member of the Corporate Governance and ESG Committee.
(3) Member of the Audit Committee.
(4) Mr. Appleby conducts a management consulting business through which he provides the services of a Chief Financial Officer to the following companies: Tarku Resources Ltd., GBLT Corp., Tantalex Lithium Resources Corporation, Spacefy Inc., Cadillac Ventures Inc., Bee Vectoring Technologies International Inc., Renforth Resources Inc.,, Adya Inc., Nurcapital Corp., , Eastower Wireless Inc., Nuinsco Resources Limited, Hispania Resources Inc., Upsnap Inc., Gold Digger Resources Inc., Sparq Systems Inc., Dark Star Minerals Inc., Cumberland Resources Nickel Corp., and Weekapaug Lithium Limited. He also sits on the boards of directors of each of URU Metals Limited, Avila Energy Corporation, and Captor Capital Corp.
(5) The information as to the number of Shares beneficially owned or over which control is exercised, not being within the knowledge of the Corporation, has been furnished by each director individually as of the date of this AIF.

The term of office of the directors expires annually at the time of the Company's annual general meeting or when their successors are duly appointed or elected. The Company's executive officers serve under contracts of indefinite term that may be terminated at the discretion of the Company's Board of Directors.

Cease Trade Orders or Bankruptcies

To the knowledge of the Company, as at the date of this AIF and within the ten years prior, no director or promoter is or has been a director or executive officer of any company (including the Company), that while that person was acting in that capacity:

(a) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(a) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(b) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted proceedings, arrangements or compromises with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets.

Penalties or Sanctions

As at the date of this AIF, no director, officer, or insider of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would likely be considered important to a reasonable securityholder making a decision about the Transaction.

Conflicts of Interest

The Company is not aware of any material conflicts of interest.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and the laws requiring disclosure by directors and officers of conflicts of interest. The Company will rely upon such laws in respect of any such conflict of interest or in respect of any breach of duty by any of the

Company's directors or officers. All such conflicts are required to be disclosed by such directors or officers in accordance with the OBCA and the directors of the Company are required to govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Directors and officers of the Company may also serve as directors or officers of, or otherwise be involved with or consulted by, other companies engaged in technology. They may be presented, from time to time, with situations or opportunities that give rise to apparent conflicts of interest that cannot be resolved by arm's-length negotiations. In those situations directors and officers must exercise judgment consistent with their fiduciary duties to the Company, especially with regards to taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Company. It is expected that all conflicts of interest will be resolved in accordance with the OBCA. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice, will be in accordance with the fiduciary duties of those persons to the Company, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

Committees of the Board of Directors

The Board has established as standing committees of the Board, a Compensation Committee, an Audit Committee, and a Corporate Governance and ESG Committee. The following table sets out the members of the committees of the Company.

Committee	Members
Compensation Committee	Frederick T. Pye (Chair)
	Frank Di Tomaso
	Dominique Payette
Audit Committee	Frank Di Tomaso (Chair)
	Dominique Payette
	Frederick T. Pye
Corporate Governance and ESG Committee	Dominique Payette (Chair)
	Frank Di Tomaso
	Frederick T. Pye

Audit Committee

The Company has adopted an Audit Committee charter in accordance with National Instrument 52-110 - *Audit Committees* ("NI 52-110"). The Audit Committee is comprised of Frank Di Tomaso (Chair), Frederick T. Pye and Dominique Payette. Ms. Payette and Messrs. Di Tomaso and Pye are "independent" within the meaning of NI 52-110. Each of the members of the Audit Committee is "financially literate", within the meaning of NI 52-110 and possesses education or experience that is relevant for the performance of their responsibilities as Audit Committee members, including:

(a) an understanding of the accounting principles used by the Company to prepare its financial statements;
(b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;
(c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and
(d) an understanding of internal controls and procedures for financial reporting.

1. Frank Di Tomaso, FCPA, FCA, ICD.D is a Fellow Chartered Professional Accountant and holds the designation of ICD.D from the Institute of Corporate Directors. He is a Corporate Director and was a Partner and Advisory Partner at Raymond Chabot Grant Thornton LLP which he joined in 1981, and held the position of Managing Partner Audit – Public Companies until his departure in 2013.

2. Frederick T. Pye holds a Master of Business Administration, and has served in various executive positions, including as President and Chief Executive Officer of a public issuer, as well as having served as a portfolio manager.

3. Dominique Payette is a lawyer and business person employed within the financial service industry.

The Audit Committee oversees the accounting and financial reporting practices and procedures of the Company and the audits of the Company's financial statements. The principal responsibilities of the Audit Committee include: (i) overseeing the quality and integrity of the internal controls and accounting procedures of the Company, including reviewing the Company's procedures for internal control with the Company's auditor and chief financial officer; (ii) reviewing and assessing the quality and integrity of the Company's annual and quarterly financial statements and related management discussion and analysis, as well as all other material continuous disclosure documents, such as the Company's annual information form; (iii) monitoring compliance with legal and regulatory requirements related to financial reporting;

(iv) reviewing and approving the engagement of the auditor of the Company and independent audit fees; (v) reviewing the qualifications, performance and independence of the auditor of the Company, considering the auditor's recommendations and managing the relationship with the auditor, including meeting with the auditor as required in connection with the audit services provided to the Company; (vi) assessing the Company's financial and accounting personnel; (vii) reviewing the Company's risk management procedures; (viii) reviewing any significant transactions outside the Company's ordinary course of business and any pending litigation involving the Company; and (ix) examining improprieties or suspected improprieties with respect to accounting and other matters that affect financial reporting.

The Committee also determines the nature of non-audit services the external auditors are prohibited from providing to the Company, and pre-approves all permitted non-audit services provided by the external auditors to the Company.

During the financial years ended December 31, 2021 and 2022, the Company paid the following fees to the external auditors:

	2022	2021
Audit Fees	$307,845	$0[(1)]
Audit Related Fees *including but not limited to: quarterly reviews, audit fees related to the RTO (for 2021, 2020, 2019, 2018 financial years) and compilation engagement*	$0	$409,625
Tax Fees *including but not limited to: consumption taxes advisory and corporate taxes advisory*	$1,811	$11,135
All Other Fees	$1,159	$32,145

(1) Fees related to auditing the 2021 financial year were incurred in 2021 as part of completing the RTO, and are shown in the 2021 Audit Related Fees

A copy of the Audit Committee Charter is attached to this AIF as Schedule "A".

Compensation Committee

The Compensation Committee oversees the remuneration policies and practices of the Company. The principal responsibilities related to compensation are expected to include: (i) considering the Company's overall remuneration strategy and, where information is available, verifying the appropriateness of existing remuneration levels using external sources for comparison; (ii) comparing the nature and amount of the Company's directors' and executive officers' compensation to performance against goals set for the year while considering relevant comparative information, independent expert advice and the financial position of the Company;

and (iii) making recommendations to the board in respect of director and executive officer remuneration matters, with the overall objective of ensuring maximum shareholder benefit from the retention of high quality board and executive team members.

Corporate Governance and ESG Committee

The Corporate Governance and ESG Committee is responsible for: (i) monitoring and overseeing the quality and effectiveness of the corporate governance practices and policies of the Company; (ii) considering nominees for independent directors of the Company; (iii) adopting and implementing corporate communication policies and ensuring the effectiveness and integrity of communication and reporting to the Company's shareholders and the public generally; (iv) planning for the succession of directors and executive officers of the Company, including appointing, training and monitoring senior management to ensure that the board and management have appropriate skill and experience; and (v) administering the board's relationship with the management of the Company.

Shareholdings of Directors and Executive Officers

As of the date of this AIF, the directors and executive officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over 20,521,738 Company Shares representing approximately 28.27% of the issued and outstanding Company Shares (on an undiluted basis).

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no material legal proceedings or regulatory actions material to the Company to which SATO or a subsidiary of SATO is a party or of which any of their respective property is the subject matter and no such proceedings or actions known to the Company are contemplated.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the best of the Company's knowledge, other than as described herein, no director, executive officer, insider, associate or affiliate has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENTS AND REGISTRARS

Computershare Trust Company of Canada, at its offices located at 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, acts as the registrar and transfer agent of the Company Shares.

MATERIAL CONTRACTS

The only material contracts entered into by SATO or a subsidiary in the last two years currently still in effect or in respect of which the Company has outstanding obligations (other than contracts entered into in the ordinary course of business) are as follows:

(a) the Electricity Services Agreement; and

(b) the lease agreement, dated as of February 9, 2018, entered into between CCU Inc. and Gestion D.G. Guibault Ltée, with respect to the Joliette Facility as amended on January 21, 2021.

Copies of the material contracts are available under the Company's profile on SEDAR at www.sedar.com.

INTERESTS OF EXPERTS

Names of Experts

Raymond Chabot Grant Thorton LLP are the independent auditors of the Company and have provided an auditor's report in respect of the financial statements for the years ended December 31, 2022 and 2021. Raymond Chabot Grant Thorton LLP confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation. No other person or company, whose profession or business gives authority to a report, valuation, statement or opinion prepared or certified by such person or company, is named as having prepared or certified a report, valuation, statement or opinion described, included or referred to in a filing made under National Instrument 51-102 – *Continuous Disclosure Obligations* by the Company during or relating to the financial year ended December 31, 2022.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com, or on the Company's website at www.bysato.com. Additional financial information is provided in the Company's audited consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2022.

Schedule "A"

SATO TECHNOLOGIES CORP.

AUDIT COMMITTEE CHARTER

This charter (the "**Charter**") sets forth the purpose, composition, responsibilities and authority of the Audit Committee of the Board of Directors of SATO Technologies Corp. ("**SATO**").

1. PURPOSE AND COMPOSITION

The purpose of the Committee is to assist the Board in reviewing:

(a) the Corporation's financial disclosure;

(b) the qualifications and independence of the Corporation's external auditor; and

(c) the performance of the external auditor.

The Committee shall be comprised of not less than three directors of the Corporation, all of whom are Independent Directors. All members of the Committee shall be Financially Literate. The Committee shall also have at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Additionally, the Committee shall have at least one member who is an Audit Committee Financial Expert. The same member may satisfy the foregoing requirements.

2. INTERPRETATION

An "**affiliate**" of, or a person affiliated with, a specified person, means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified, and includes, without limitation, (a) an Executive Officer of an affiliate; (b) a director who also is an employee of an affiliate; (c) a general partner of an affiliate; and (d) a managing member of an affiliate.

An "**Audit Committee Financial Expert**" means a person who has the following attributes: (a) an understanding of generally accepted accounting principles and financial statements; (b) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that

are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities; (d) an understanding of internal control over financial reporting; and (e) an understanding of audit committee functions. A person shall have acquired such attributes through: (a) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions; (b) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions; (c) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or (d) other relevant experience.

"**Board of Directors**" or "**Board**" means the Board of Directors of SATO Technologies Corp.

"**Chairman**" means the Chairman of the Committee.

"**Committee**" means the Audit Committee of SATO Technologies Corp.

"**control**" (including the terms controlling, controlled by and under common control with) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

"**Corporation**" means collectively, SATO Technologies Corp. and any subsidiary.

"**Executive Officer**" means the president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice-president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the issuer.

"**Family Member**" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home.

"**Financially Literate**" means the ability to read and understand a set of fundamental financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the consolidated financial statements of the Corporation (including, without limitation, a balance sheet, income statement, and cash flow statement).

"**Independent Director**" means a director who is not an Executive Officer or employee of the Corporation or any other individual who has a direct or indirect relationship with the Corporation, which would interfere with the exercise of independent judgment regarding the best interests of the Corporation or in carrying out the responsibilities of a director. An individual is not an Independent Director if such individual:

(a) is, or has been within the last three years, an employee or Executive Officer of the Corporation;

(b) is a Family Member of an individual who is or has been, within the last three years, an Executive Officer of the Corporation;

(c) is or has been (or whose Family Member is or has been), within the last three years, an Executive Officer, a partner or an employee of a material service provider of the Corporation (including the external auditors);

(d) participated in the preparation of the financial statements of the Corporation at any time during the past three years;

(e) is or has been (or whose Family Member is or has been), within the last three years, an Executive Officer of another entity where at any time within the last three years any of the Executive Officer's of the Corporation served on the entity's Compensation Committee;

(f) has a relationship with the Corporation under which he or she may directly or indirectly accept any consulting, advisory or other fees from the Corporation or a related entity, except for any compensation as a member of the Board or as a member of a Committee;

(g) received (or whose Family Member received) more than C$75,000 in compensation from the Corporation (excluding (i) fees as a director or Committee member, (ii) compensation paid to a Family Member who is an employee (other than an Executive Officer) of the Corporation, or (iii) benefits under a tax-qualified retirement plan or non-discretionary compensation) during any consecutive 12 month period within the last three years) during any consecutive 12 month period within the last three years;

(h) is, or has a Family Member who is, a partner in, or a controlling shareholder or an Executive Officer of, any organization to which the Corporation made, or from which the Corporation received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or US$200,000, whichever is more, other than the following: (i) payments arising solely from investments in the Corporation's securities; or (ii) payments under non-discretionary charitable contribution matching programs;

(i) is a natural person who controls the Corporation; or

(j) is an affiliate of the Corporation (or any subsidiary of the Corporation).

3. COMMITTEE AUTHORITY AND RELATIONSHIP WITH EXTERNAL AUDITORS

The external auditors shall report directly to the Committee.

The Committee reports to the Board of Directors and has the authority:

(a) to engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) to set and receive appropriate funding from the Corporation to pay the compensation for any advisors (including, without limitation, the external auditors and independent counsel) employed by the Committee and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties;

(c) resolve any disagreements between the Corporation's senior management team and the external auditors regarding financial reporting;

(d) pre-approve all auditing and non-audit services;

(e) seek any information it requires from the Corporation's employees, all of whom are directed to cooperate with the Committee's requests, or external parties; and

(f) to communicate directly with the Corporation's senior management team, external auditors, and outside counsel, as necessary, and separately, as necessary.

4. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Committee shall:

1. **Financial Disclosure**

   (a) review and assess the quality and integrity of the Corporation's:

      (i) interim and annual financial statements;

      (ii) management's discussions and analyses;

      (iii) annual information forms;

(iv) filing statements;

(v) other documents containing audited or unaudited financial information, at its discretion and including complex or unusual transactions and areas requiring the exercise of material judgment;

(b) review the draft press releases regarding the annual and interim financial statements and recommend to the Board for approval prior to publicly disclosing this information;

(c) be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the disclosure provided by the financial statements, management's discussions and analyses and earnings press releases, and shall periodically assess the adequacy of those procedures; and

(d) review the accounting principles, policies and practices followed by the Corporation in accounting for and reporting its financial results of operations.

2. **External Audit**

(a) appoint, compensate and retain the external auditors in connection with preparing or issuing an auditor's report or with performing other audit, review or attestation services for the Corporation;

(b) oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;

(c) obtain, on an annual, basis, a formal written statement from the external auditors delineating the relationship between the external auditors and the Corporation, actively engaging in a dialogue with the external auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditors and for taking, or recommending that the full Board take, appropriate action to oversee the independence of the external auditors under applicable securities laws and stock exchange rules;

(d) discuss with the external auditors their views about the quality of the implementation of International Financial Reporting Standards (or other generally accepted accounting principles used by the Corporation to report its financial statements), with a particular focus on the accounting estimates and judgments made by management and management's selection of accounting principles. Meet in private with appropriate members of management and separately with the external auditors on a

regular basis to share perceptions on these with the external auditors and their views on the adequacy of the Corporation's financial personnel;

(e) review, provide direction on and approve the audit plan, the annual audit, the access granted to the Corporation's records and the co-operation of management in any audit and review function;

(f) review the effectiveness of the independent audit effort, including approval of the fees charged in connection with the annual audit, any quarterly reviews and any permitted non-audit services being provided;

(g) review the qualifications, performance and independence of the external auditors;

(h) assess the effectiveness of working relationship of the external auditors with management;

(i) determine the nature of non-audit services the external auditors are prohibited from providing to the Corporation, and pre-approve all permitted non-audit services provided by the external auditors to the Corporation;

(j) if appropriate, terminate the appointment of the external auditors;

(k) prepare the report required to be prepared by the Committee pursuant to applicable securities laws for inclusion with the annual financial statements; and

(l) at least annually, obtain and review an appropriate report by the external auditors describing: (i) the external auditors' internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review or peer review of the external auditors, or any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with such issues; and (iii) all relationships between the external auditors and the Corporation to enable the assessment of the external auditors.

3. **Risk Management**

(a) oversee the quality and integrity of the internal controls and accounting procedures of the Corporation;

(b) assess the Corporation's financial and accounting personnel;

(c) review the Corporation's risk management procedures; review the financial risk assessment and management policies followed by the Corporation in operating its business activities and the completeness and fairness of any disclosure thereof, including, without limitation, review of the use of derivative financial instruments by the Corporation;

(d) review and approve any management decision relating to any potential need for internal auditing, including whether this function should be outsourced and if such function is outsourced, approve the supplier of such service;

(e) establish procedures for (i) the receipt, retention and treatment of complaints received by the Corporation from employees regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by directors, officers and other employees of the Corporation of concerns regarding questionable accounting or auditing matters;

(f) understand the scope of the external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's response; and

(g) review any pending litigation involving the Corporation.

4. **Regulatory Compliance:**

(a) review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up, including disciplinary action of any instances of noncompliance;

(b) review the findings of any examinations by regulatory agencies and any external auditor observations;

(c) meet with the Corporation's regulators, according to applicable law;

(d) monitor compliance with legal and regulatory requirements related to financial reporting and examine improprieties or suspected improprieties with respect to accounting and other matters that affect financial reporting; and

(e) obtain regular updates from management and Corporation's legal counsel regarding compliance matters.

5. **Reporting Responsibility:**

(a) review and reassess annually the Mandate of the Committee for adequacy and recommend any changes to the Board;

(b) report to the Board on the major items covered at each Committee meeting and make recommendations to the Board and management concerning these matters. Annually report to the Board on the effectiveness of the Committee; and

(c) perform any other activities consistent with this Mandate, the Corporation's bylaws and governing law as the Committee or the Board deems necessary or appropriate.

In addition to these responsibilities, the Committee shall perform the functions and responsibilities required of an audit committee by the applicable Canadian securities laws, any exchange upon which securities of the Corporation are listed, or any governmental or regulatory body exercising authority over the Corporation, as are in effect from time to time or as the Board otherwise deems necessary or appropriate.

5. OPERATION OF THE COMMITTEE

In connection with the discharge of its duties and responsibilities, the Committee shall observe the following procedures:

1. **Meetings**. The Committee shall meet at least four times every year, and more often if necessary, to discharge its duties and responsibilities hereunder.
2. **Advisors**. The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay, at the Corporation's expense, the compensation of such advisors.
3. **Chairman**. The Committee will recommend a director as Chairman of the Committee to the Board for approval. If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside.
4. **Quorum**. A majority of committee members, present in person, by video-conference, by telephone or by a combination thereof, shall constitute a quorum.
5. **Secretary**. The Committee shall appoint a Secretary who need not be a member of the Committee or a director of the Corporation. The Secretary shall keep minutes of the meetings of the Committee.
6. **Calling of Meetings**. A meeting of the Committee may be called by the Chairman of the Committee, by the external auditors of the Corporation, or by any member of the Committee.
7. **Notice of meeting**. Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by e-mail to each member of the Committee at least 48 hours prior to the time fixed for such meeting. A member may in any manner waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
8. **Auditor's Attendance at Meetings**. The external auditors shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation, to attend and be heard at any meeting of the Committee. If so requested by a member of the Committee, the external auditors shall attend every meeting of the Committee held during the term of office of the external auditors.
9. **Access To Information**. The Committee shall have access to any information, documents and records that are necessary in the performance of its duties and the discharge of its responsibilities under this Charter.

10. **Review Of Charter**. The Committee shall periodically review this Charter and recommend any changes to the Board as it may deem appropriate.
11. **Reporting**. The Chairman of the Committee shall report to the Board, at such times and in such manner, as the Board may from time to time require and shall promptly inform the Chairman of the Corporation of any significant issues raised during the performance of the functions as set out herein, by the external auditors or any Committee member, and shall provide the Chairman copies of any written reports or letters provided by the external auditor to the Committee.

Dated: November 17, 2021

Approved by: Board of Directors