Management's Discussion and Analysis

For the three and nine months ended September 30, 2025 and 2024

Dated December 1, 2025

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Introduction

The following analysis concerns the financial situation, operating results and cash flows of SATO Technologies Corp. (together with its subsidiaries, "SATO" or the "Company") for three and nine months ended September 30, 2025 and 2024. The discussion should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2025, the audited consolidated financial statements for the year ended December 31, 2024, and related notes thereto. The Company's financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"). All monetary amounts are reported in Canadian dollars unless otherwise noted. These documents, as well as additional information on the Company, are filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR+) and are available online at www.sedarplus.ca.

Forward-Looking Statements

Certain statements in this MD&A are forward-looking statements or contain forward-looking information, which may include, but are not limited to, statements with respect to the future financial or operating performance of SATO and its projects, business strategy, corporate plans, objectives and goals, as well as the market conditions applicable to SATO. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements include, among others: expectations regarding foreign exchange rates; statements relating to the business and future activities of and developments related to SATO; statements relating to the finances of SATO not based on the audited financial statements of SATO; the expected success of business activities; expectations for other economic, business, regulatory and/or competitive factors related to SATO in general, including the price of digital assets; the business objectives and milestones of SATO; the amount and principal uses of available funds, including the funds to be used for anticipated investments; and other events or conditions that may occur in the future.

Forward-looking information and statements are based on current expectations, beliefs, assumptions, estimates and forecasts about the Company's business and the industry and markets in which it operates, as of the date of this MD&A. 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 statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of SATO to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the factors discussed in the section entitled "*Risk Factors*" in the Company's most recent Annual Information Form (the "AIF"), including risks relating to the cryptocurrency mining industry, risks related to SATO's operations; risks related to the price of Bitcoin and other cryptocurrencies; risks related to governmental regulation and enforcement; volatility of the common shares of the Company (the "Common Shares"); cybersecurity risks; risks related to electrical power and internet; and tax risks. Although SATO has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein and in the AIF are made as of the date of the respective document in which they are contained and, other than as required by law, SATO disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Glossary

**"$"** means Canadian dollars, unless indicated otherwise; Canadian dollars are also indicated as "C$" or "CAD".
"AI"AI (Artificial Intelligence) refers to machines performing tasks that typically require human intelligence, such as learning and decision-making.
"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.
"Blockchain" is a growing list of records, called Blocks, that are linked together using cryptography.
"Block Reward" means the award of a cryptocurrency to a miner that successfully adds a Block to the Blockchain. Following the Halving that occurred on April 19th, 2024, the current Block Reward is 3.125 BTC per block.
"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.
"Digital Asset Treasury" A digital asset treasury refers to the structured management of a company's reserves or excess liquidity through holdings of digital assets, primarily Bitcoin, alongside or in place of traditional assets such as cash, cash equivalents, or short-term investments. The purpose of such a treasury is to diversify reserves, potentially enhance returns, and align the company's financial position with its operational focus in blockchain, AI, or digital infrastructure. A digital asset treasury is managed under established treasury policies, with consideration for liquidity, risk management, regulatory compliance, accounting treatment, and long-term financial resilience.
"Ether", "ETH" or **"Ethereum"** are used interchangeably and refer to the native token of the Ethereum Network, a global, open-source platform for decentralized applications.
"GPU" A GPU (Graphics Processing Unit) is a specialized processor designed to accelerate graphics rendering and perform complex mathematical calculations in parallel. Originally built for visual tasks like gaming and 3D rendering, GPUs are now widely used for AI, HPC, and scientific computing due to their ability to handle many operations simultaneously.
"Halving" is the name given to a predetermined event whereby the Block Reward for Bitcoin mining is cut in half, which takes place every four years. The halving policy was written into Bitcoin's mining algorithm to counteract inflation by maintaining scarcity.
"Hashrate" means the number of Hash operations per unit of time, commonly expressed in petahash per second (PHs) or exahash per second (EHs), and Hash means a fixed length number which is the output used to build mathematical lockers to lock Bitcoins and to design the problems that Miners need to solve to be able to add a Block to the Blockchain.

"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 Miners to other companies.
"HPC" HPC (High-Performance Computing) provides the computational power required to efficiently train and run large-scale AI models. It can also be used for a wide range of compute-intensive tasks, including digital asset mining, zero-knowledge proof systems, and, in some cases, quantum computing simulations.
"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.
"Mining" refers to the provision of computing capacity (or hashing power) to secure a distributed ledger by creating and broadcasting consensus-valid blocks in the network. In return for each generated block, miners receive rewards and fees denominated in the native token of the network (such as Bitcoin). The collective effort of miners validates transactions within the network.
"Mining Equipment" means a single computer system that performs the necessary computations for the purpose of validating transactions on the Bitcoin Blockchain. Also called data miner or miner.
"Mining Pool Operator" means a group of Bitcoin Miners who regroup their hashrate in order to increase the odds of getting Block rewards on the Bitcoin Blockchain.
"Network difficulty" is a measure of how difficult it is to find a hash below a given target.
"Network Hashrate" is the total of all hashrate devoted to Bitcoin mining by all Mining Pools and independent Miners.
"Sats", short for satoshis, represent the smallest subdivision of Bitcoin, with one Bitcoin being divisible into 100 million sats, used primarily for microtransactions and as a measure of value within the Bitcoin network.
"Wallet" refers to a software or hardware that helps the user to store and manage digital assets.
"Watt", "kW" (or **"kilowatt"**), and **"MW"** (or **"Megawatt"**) 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.

Company Overview

SATO Technologies Corp. is a public company focused on providing efficient compute power. SATO currently operates one data center tailored for Digital Asset Mining (Bitcoin) but is studying an expansion into a High Density data center for AI and HPC using GPUs, and may add additional data centers.

SATO Technologies Corp. (formerly known as Canada Computational Unlimited Corp. and Capricorn Business Acquisitions Inc.) was incorporated on May 7, 2008 under the *Business Corporations Act* (Ontario). On September 8, 2021, the Company announced the completion of its "Qualifying Transaction", as defined under Policy 2.4 – *Capital Pool Companies* of the TSX Venture Exchange (the "Exchange"). The Qualifying Transaction was completed through a reverse takeover of Canada Computational Unlimited Inc. ("CCU"). Upon completion of the Qualifying Transaction, the business of CCU Inc. became the business of the Company as a result of CCU becoming a wholly-owned subsidiary of the Company.

CCU was incorporated under the *Business Corporations Act* (Québec) on November 16, 2017. It was founded by tech entrepreneurs Romain Nouzareth and Mathieu Nouzareth to operate a high-density computation center in Joliette, Québec. The center specializes in advanced cryptocurrency mining while maintaining a commitment to social responsibility and environmental care through the use of sustainable energy and heat re-use. In 2018, SATO entered into an agreement with Hydro-Joliette to procure up to 20 MW of hydroelectric power for its cryptocurrency mining operations.

On September 16, 2021, SATO transitioned into a publicly traded company in Canada, listed on the TSXV with the symbol SATO. In the United States, it is traded under the ticker OTCQB:CCPU.F.

SATO Corp., a wholly-owned subsidiary of the Company, was incorporated under the Delaware General Corporation Law on October 11, 2022.

Qritical AI Inc. ("Qritical.AI"), a wholly owned subsidiary of the Company, was incorporated under the Business Corporations Act (Québec) on June 23, 2025. Qritical.AI was established to develop AI Factory 1, a planned high-density data centre in Joliette, Québec, designed for large language models (LLMs), inference workloads, and next-generation compute applications. The Company anticipates that AI Factory 1 could repurpose up to 20 MW of hydroelectric-powered compute capacity at its existing Joliette facility. The Company is currently in the planning stage, and will require funding to advance to the next phase.

The Company's head office is located at 66 Wellington Street West, Suite 5300, Toronto, Ontario, M5K 1E6, Canada and the Company maintains a place of business located at 289 Dugas, Joliette, Québec J6E 4H1, Canada ("Center One").

SATO owns and operates HPC equipment for Digital Asset Mining (Bitcoin) that runs 24 hours a day and 365 days per year, unless required by Hydro-Québec or Hydro-Joliette to reduce operations in response to extreme demands on the electrical grid or maintenance. This mining equipment produces computing power, referred to as hashrate, which the Company sells to Mining Pool operators.

Mining Pool operators aggregate the hashrate and devote it to mining Bitcoin, which they receive as a Block Reward. Mining is a competitive process where only the successful processor of each transaction earns the Block Reward. Mining Pool operators purchase hashrate and accept the risk of the randomness of Block Rewards with the aim to mine more Blocks than they statistically should in a given time period based on the hashrate they have acquired as a percentage of the Network Hashrate. SATO regularly reviews the Mining Pools to which it sells its hashrate and allocates hashrate to pools based on the firmware and fee structure of the Mining Pool operators. SATO only sells to Mining Pool operators with a Full Pay Per Share ("FPPS") payout method.

Under FPPS, the calculation of the payout is based on three components, where the Company's total compensation is the sum of the Company's share of (1) and (2), less (3):

1. an amount in respect of Block Rewards is calculated by the Mining Pool operator based on the proportion of hashrate the Company contributed to the Mining Pool's total hashrate, and the proportion of the hashrate the Mining Pool contributed to the total network hashrate used in adding the Block. The Company is entitled to its relative share of consideration even if a Block is not successfully added to the Blockchain by the Mining Pool.
2. an amount in respect of transaction fees paid by users of the network to execute transactions is calculated by the Mining Pool operator as a proportion of the total network transaction fees based on the same hashrate proportions used in the calculation of number (1). The Company is entitled to its relative share of transaction fees even if a Block is not successfully added to the Blockchain by the Mining Pool.
3. an amount in respect of Mining Pool operating fees, charged by the Mining Pool operator for operating the Mining Pool as set forth in a rate schedule to the mining pool contract. The Mining Pool operating fees reduce the total amount of compensation the Company receives and are only incurred to the extent that the Company is otherwise entitled to payment under (1) and (2).

Due to how the payments are calculated, SATO's revenues depend on both the amount of hashrate SATO supplies and the total Network Hashrate. The Company's participation in the Mining Pools may be terminated at any time without penalty, and SATO may switch from one pool to another at its discretion, with the result that SATO's revenues are not dependent on any one Mining Pool. The proceeds paid by a Mining Pool operator to the Company for its hashrate may be paid in digital assets or in traditional currencies. The Company accumulates the Bitcoin earned or exchanges them for traditional currencies with reputable and well-known trading platforms. A portion of the Bitcoin generated by the Company's activities representing approximately 24% of each payment received by the Company is allocated directly to a wallet with Sygnum Bank for the monthly payment owing on the Company's secured loan.

On October 24, 2024, the Company announced expansion of its business strategy. Building on its expertise in the high-performance computing sector, subject to obtaining the additional financing required, SATO plans to expand its digital infrastructure offerings to include advanced and efficient computing infrastructures for Artificial Intelligence (AI), High Performance Computing (HPC), and future-ready technologies such as zero-knowledge proof, or quantum computing. SATO plans to utilize its existing 20 MW of hydro-electricity from Québec to power the first phase of its next-generation data center. A new hire joined in the last quarter of 2024 to support infrastructure financing efforts for AI and HPC projects.

Center One: The Facility and Electrical contracts

SATO currently operates Center One, its high-capacity computation facility located in Joliette Québec, Canada, which is powered by 20 MW of renewable hydroelectric energy. The facility focuses on High Performance Computing for Bitcoin mining operations, generating roughly 540 PHs of Mining hashrate sold to Mining Pools. The Company started 2022 with 10 MW and reached the maximum capacity of 20 MW in September of that same year.

In February 2018, SATO entered into a 5-year lease for 9,000 square feet of space within a 159,000 sq ft factory complex. The lease was first amended on July 1, 2022, extending it to September 30, 2026, and then on December 1, 2022, the leased space was increased to 25,000 square feet. In March 2023, the company signed an amended lease contract for a total of 33,282 square feet. The contract is expected to last until September 2033, provided the 5-year renewal option in the contract is exercised.

The facility, which houses approximately 5,600 air-cooled computers that are operating continuously, reuses heat, warming the building's factory and minimizing its energy consumption during winter. Center One also served as the site for a collaborative project with the University of Québec collecting heat data for widespread applications. The findings of this study were presented at the International Scientific Conference on Power and Electrical Engineering of the Riga Technical University. As of today, the Company does not have additional plans or projects for third parties to use its byproduct heat. In September 2018, SATO signed a 5-year contract for 20 MW of power with Hydro Joliette in Joliette, Québec, where the Company is based. On February 23, 2023, SATO extended its 20 MW contract with Hydro-Joliette for an additional five years, to be renewed in September 2028.

On June 1, 2024, a minor fire occurred in the building housing Center One, impacting approximately 40 PHs of the 560 PHs operating at the facility. During the third quarter, the team focused on rebuilding the damaged area, and by the end of Q3, the repairs were completed, restoring the center to full infrastructure capacity. Following a detailed assessment, it was concluded that 413 machines, accounting for 30 PH, were beyond repair and have yet to be replaced.

City of Joliette, Québec

The Company has operated Center One in Joliette, Québec, Canada since 2017. The Company has successfully partnered with local contractors and industrialists, and in 2024, paid over CA$10,600,000 to Hydro Joliette, contributing 26% of the electricity revenues forecasted in the city's 2024 budget.

SATO utilizes energy that was previously surplus capacity in Joliette and ceases operations through curtailment during periods of high demand. Although Bitcoin mining is often criticized for wasting energy, SATO demonstrates in Joliette that Bitcoin miners can actually make use of this otherwise unused energy, while also delivering significant value to the municipality and its residents.

The company is also a proud supporter of the arts, having made Bitcoin donations to the MAJ Foundation. The Musée d'Art de Joliette Foundation is a charitable organization dedicated to creating an endowment fund to ensure the museum's long-term stability and contribute to the future of Québec's cultural heritage.

Computing Power

In order to grow its business, the Company would require access to additional electricity. Hydro-Québec had previously allocated additional capacity for cryptographic use, which the Company had hoped would form part of its expansion plans, however, in late 2022, the Régie de l'Énergie paused the allocation process for Hydro-Québec's remaining 270 MW under Phase 3 of the "Allocation of the block of electricity dedicated to cryptographic use". On September 20, 2023, the Régie de l'Énergie in its report D-2023-109 cancelled the remaining 270MW. As a result, there is no potential way to increase the Company's Digital Asset Mining business in the Province of Québec unless the Company is able to acquire an existing allocation of electrical capacity.

SATO aims to acquire additional electrical and computational capacities for future AI and HPC data centers.

Looking ahead to 2026–2030, SATO is evaluating the potential to secure additional hydroelectric power—either through Hydro Joliette or Hydro-Québec—to support the expansion of its AI and HPC business line. The company is also evaluating additional sites with existing power capacity that could be retrofitted into HPC data centers or new sites relevant for a combined energy and computing infrastructure development in other Canadian provinces or in other places in the world.

Efficiency

SATO is focused on operational efficiency to maintain the viability of the business even during periods of volatility in Bitcoin prices and with an eye on the impacts of the halving event that occurred on April 19th, 2024. This had the effect of significantly driving up the price of Bitcoin, culminating in a new all-time high following the U.S. elections.

The Company has developed DataMan, a proprietary software designed for managing large-scale computing equipment with an emphasis on efficiency through effective data and information management. Utilizing a secure and detailed data set starting from 2018, the development team has equipped the operational team with a powerful tool to oversee the sites and its external components (temperature, humidity, air inflows, etc). Simultaneously, the software enables precise identification of computers requiring repairs, ensuring the entire suite of computers is regularly monitored for long-term performance and increased efficiency. In terms of efficiency, measured by the number of Bitcoins generated per Exahash (EH/s), Center One's performance places SATO among the most efficient publicly listed Mining companies based on the publicly available information. The Company plans to continue developing DataMan to enhance its data capabilities and has begun integrating AI components, including computer vision for its camera system and natural language query features—similar to ChatGPT—for more intuitive data access and analysis.

Cultivating a conscientious environmental approach is a constant priority for all team members. Throughout its operations, the Company harnesses the heat generated by its data center for ambient heating of the building and is exploring solutions that could lead to transforming byproduct heat into transportable energy for industries, municipalities, and farming production. In mid-2022, the Company initiated a collaboration with the University of Québec, partnering with the LIREI (Laboratoire d'Innovation de Recherche en Energie Intelligente). This initiative aims to facilitate the handling and visualization of accurate data about heat transfer produced from Bitcoin Mining Data Centers, which in turn assists in the implementation and design of new centers in close collaboration with future local partners. The study is available at https://www.bysato.com/#nowaste.

In previous years, the Company tracked its Scope 1 and Scope 2 emissions, which refers to the Company's direct greenhouse gas emissions and indirect emissions associated with the production of the electrical energy that the Company consumes. The Company does not track Scope 3 emissions, which are the emissions associated with the Company's supply chain and the use of the Company's products. Using calculation tools provided by the Greenhouse Gas Protocol (https://ghgprotocol.org/) the Company calculated that its Scope 1 and Scope 2 emissions totaled 208.04 metric tonnes of carbon dioxide equivalent ("MTCO2e") in 2023. The Company purchased carbon credits to offset its 2023 Scope 1 and Scope 2 emissions. The Company purchased the offset credits from SeaTrees, a non-profit organization dedicated to planting mangrove trees, kelp, coral reefs and so on, in the ocean. In 2024, given the low emissions recorded in 2023 and their minimal carbon credit impact, the Company did not purchase any carbon offset and elected not to conduct a new emissions assessment, as the results were expected to remain largely unchanged. Instead, efforts were focused on further improving the efficiency of its infrastructure. As the Company explores the development of a high-density data center for AI and HPC workloads powered by GPUs, it may resume GHG emissions tracking and consider carbon offset strategies for Center One and any future facilities.

In addition to these operational efficiency efforts, the team also sought to solidify relationships with financial partners to facilitate accessing the necessary capital for the Company's growth and expansion.

Summary strategy discussions

Sector Transition Snapshot (2024–2025)

– Bitcoin miners across Québec and North America have reported lower mining profitability.
– Multiple operators have publicly disclosed significant mining losses.
– Several are shifting capital toward AI compute and liquid-cooled infrastructure.
– Governments (including Québec as of Nov 11, 2025) are allocating new energy specifically for AI data centers.
– The economics of AI/HPC (contracted revenue, longer-term visibility) provide superior risk-adjusted returns compared to pure Bitcoin mining.

Industry Context

Recent disclosures from Québec and North American mining operators show sector-wide pressure following the 2024 halving and record network difficulty. Several peers have reported lower profitability and have begun redirecting capital toward AI and high-density compute infrastructure. This industry transition reinforces the rationale behind SATO's strategic review and the advancement of AI Factory 1.

With a fully built, permitted, and grid-connected 20 MW hydro-powered facility, SATO is positioned to execute this transition more quickly than operators that require greenfield development. Management's approach also integrates its planned Digital Asset Treasury (DAT) strategy, complementing future AI revenue with long-term returns from Bitcoin and other AI-linked digital assets. The Company is additionally evaluating AI-aligned decentralized mining protocols, Lightning-based Bitcoin yield, and a prototype GPU-per-hour cloud compute service.

SATO's operational footprint provides a strong platform for executing its transition toward AI infrastructure. Center One continues to operate the current fleet of miners at capacity. While utilization varies due to curtailment and operational factors, the facility retains the flexibility to deploy additional Bitcoin miners or GPU-based AI computing units as market conditions evolve. Its existing power allocation, electrical infrastructure, and industrial footprint provide a strong foundation for future high-density compute deployments.

Strategic Alternatives and Long-Term Plan

In Q4 2024, the Company initiated a strategic review to refine its long-term direction following industry-wide pressures stemming from the 2024 Bitcoin halving and rising network difficulty. As part of this review, the Company began investing in the planning and design work required to transition a portion of its infrastructure toward artificial intelligence ("AI") and high-performance computing ("HPC") workloads.

The objective of this transition is to evolve from a pure-play Bitcoin miner into a diversified operator of high-density compute infrastructure capable of supporting AI workloads under contracted, recurring revenue arrangements. Québec's November 11, 2025 announced vision establishing new blocks of hydroelectric power for AI data centers further strengthens the strategic rationale for this pivot. With a built, permitted, and grid-connected facility already in place, the Company believes it is well positioned to participate in Québec's expansion of AI-focused industrial capacity, subject to securing the necessary financing.

The Company's long-term plan integrates both AI infrastructure development and its Digital Asset Treasury (DAT) strategy, creating a combined Bitcoin-and-AI approach that can be executed with or without a physical data center.

Balancing Growth with Financial Discipline

Management recognizes the Company's current liquidity constraints and is advancing the AI initiative with a disciplined and measured approach. The Company continues to manage costs closely, optimize operations, and evaluate financing including the sale of assets.

As part of prudent risk management, the Company is also evaluating a range of strategic and financial alternatives to preserve flexibility under different market conditions. These may include opportunities to reinforce liquidity or

monetize assets if advantageous. While the Company's primary focus remains the transition to AI infrastructure, management is evaluating all strategic alternatives to maximize shareholder value and preserve financial flexibility. As part of this prudent risk management, a preliminary process has been initiated to gauge interest for various strategic outcomes for Center One, ranging from joint ventures to a potential sale of the facility. This process is exploratory and intended to ensure the Company maintains a viable 'Option B' should capital market conditions restrict the execution of the AI transition. There is no assurance that any transaction will occur. The Company is also reviewing opportunities to monetize certain non-core assets, including surplus electrical and industrial equipment such as switchgear components, where appropriate. These potential disposals are limited in scope and would not affect ongoing operations.

In parallel, the Company is implementing a temporary down-clocking of approximately 40 percent of its mining fleet. This measure lowers operating costs and improves daily profitability, despite a modest reduction in hashrate.

While multiple scenarios are under consideration, management's view remains that the major asset is Center One, which is a strategic asset due to its access to low-cost hydroelectric energy and established industrial infrastructure.

Integration of the Digital Asset Treasury (DAT) Strategy

The Company is preparing a Digital Asset Treasury ("DAT") strategy intended to complement its future AI operations. The DAT model focuses on building a diversified treasury centered on Bitcoin, with selective exposure to AI-linked digital assets and decentralized compute networks currently under evaluation.

The strategy is designed to be flexible and could operate with or without a physical data center, though management's preference is to combine treasury returns with AI and HPC operating revenues at Center One. This dual model — operating income from AI compute alongside long-term digital-asset appreciation — is being developed as a potential foundation for more resilient and diversified cash flows compared to relying solely on mining or AI.

The ability to execute this strategy is contingent on obtaining the necessary financing.

Expansion Into AI-Linked Mining Protocols and Cloud Compute Monetization
The Company has begun developing additional digital-asset initiatives aligned with emerging AI-related decentralized compute networks, including early exploration of alternative mining protocols focused on machine-learning, data-validation, or proof-of-useful-work. The Company is also assessing the use of Bitcoin liquidity within the Lightning Network to generate BTC-based routing yield. These activities remain early, small in scale, and are being evaluated as complementary components of the Company's Digital Asset Treasury strategy.

In parallel, the Company has built an initial prototype to access a web based solution for reselling GPU-per-hour cloud compute service leveraging its experience with high-density infrastructure. While preliminary, this initiative represents a potential future revenue stream alongside planned AI and HPC deployments. Together, these projects reflect the Company's intention to diversify beyond Bitcoin mining and participate in emerging AI-driven compute and digital-asset monetization models.

The ability to execute this strategy is contingent on obtaining the necessary financing.

Status of Strategic Review
The strategic review remains ongoing. Potential outcomes include monetizing assets, advancing AI infrastructure at Center One, refining the operating model, implementing the DAT strategy, raising dedicated capital for AI deployments, or pursuing a combination of these actions. Any of these scenarios may affect the Company's operations, liquidity, and capital structure.

Management continues to prioritize long-term value creation while maintaining financial discipline and strategic flexibility. Recent disclosures from Québec-based mining peers show significant margin compression following the 2024 halving and record network difficulty, with several operators reporting losses and accelerating their own pivots toward AI and high-density compute. This industry-wide shift reinforces SATO's assessment that sustainable value will increasingly be driven by a blend of mining efficiency and AI workloads powered by Québec hydroelectricity.

AI HPC and Cryptocurrency industries trends and risks

The cryptocurrency market remained strong through the first ten months of 2025, with Bitcoin reaching an all-time high of USD $124,310 on October 7, 2025. Since then, prices have since been volatile, trading in a range of USD $75,000 to $124,310.

Mining Difficulty reached new highs in 2025, reflecting increased global competition following the April 2024 Halving. While higher Bitcoin prices have supported profitability, margin pressure remains due to rising network Difficulty.

Regulatory developments in the U.S. have been broadly positive, with the Trump administration easing enforcement actions and promoting policies favorable to the crypto sector, including the creation of a Strategic Bitcoin Reserve in March 2025.

Electricity costs and regulatory headwinds persist as key challenges. In Québec, while the Company continues to operate under the CB rate, ongoing discussions around future rate structures and grid prioritization for data and AI infrastructure may affect long-term planning for Bitcoin mining facilities in the province. A general rate increase of 6.5% for all Hydro-Québec industrial clients took effect on April 1, 2023, followed by a further increase of 3.3% for industrial clients and 5.1% for CB rate clients effective April 1, 2024. On April 1, 2025, electricity prices in Québec increased by 3.9% for all business rates. This escalation in costs has had a direct impact on various industries, including Data Centers.

In Canada, the Strategic Innovation Fund (SIF) has earmarked $2 billion to support Canadian companies in deploying AI Compute infrastructure.

These shifts are expected to have global implications, potentially influencing other countries to adapt their policies and investments in response. The Company believes it is well-positioned to capture a competitive share of the market in this evolving landscape, leveraging its capabilities to meet the growing demand for AI and computing infrastructure.

Crypto Currency

Network economics post-halving. The April 2024 halving reduced block rewards to 3.125 BTC, compressing miner "hashprice" despite Bitcoin price strength. Industry research in 2025 indicates materially lower revenue per unit of hash, alongside higher network difficulty and hashrate versus pre-halving levels—pressuring margins for higher-cost operators.

Hashrate & competition. As of November 2025, Bitcoin network hashrate remains near all-time highs (~1–1.25 ZH/s), reflecting ongoing investment in efficient fleets and low-cost power. This raises competitive thresholds, challenging operators with older hardware or higher energy costs.

ETF-driven capital flows & market structure. Since the launch of U.S. spot Bitcoin ETFs in 2024, assets and flows have become a notable market driver. While ETFs enhance liquidity and institutional participation, their flow volatility can amplify BTC price swings, indirectly affecting miner revenues.

Policy & power in Québec (mining-specific). In Québec, new or expanded crypto-mining loads now face approval thresholds and potential conditions under Bill 69. Hydro-Québec has suspended its prior dedicated allocation block for cryptographic use. While access to low-carbon hydro remains a strategic advantage, approvals, rate structures, and curtailment terms present ongoing uncertainties.

Key risks for mining. BTC price and difficulty volatility; transaction-fee variability; secure access to competitively priced, low-carbon power; regulatory approvals for incremental load; foreign-exchange movements; and performance gaps between existing and next-generation equipment.

AI/HPC (Data Centers, Compute & Power)

Demand & capacity. AI workloads continue to drive record demand for high-density data center capacity in Q2 2025, prompting faster adoption of liquid cooling and plans for materially higher rack power densities. Industry outlooks point to an accelerated shift toward liquid-cooled deployments and ongoing constraints in suitable power and real estate.

Key risks for AI/HPC strategy. Power procurement and timing; liquid-cooling readiness and associated capex; GPU/system availability; construction timelines; evolving sustainability standards; and potential changes to tariffs or approval requirements for high-load customers.

Implications for the Company

The Company's Joliette, Québec facility benefits from competitively priced, low-carbon hydroelectric power, a critical advantage for both AI/HPC and cryptocurrency operations in an environment of rising energy costs and tighter approval requirements.

In cryptocurrency mining, sustained high network difficulty and the April 2024 halving underscore the need for an efficient fleet and active monitoring of digital-asset prices, particularly under the Company's revaluation-model accounting policy, which can cause earnings volatility.

In AI/HPC, the planned AI Factory 1 will likely require high-density, liquid-cooled infrastructure and timely access to advanced GPUs. Supply chain lead times, permitting, funding timing, and power allocation approvals will be key determinants of project execution and capital deployment.

Custody of assets

SATO generally only converts its Bitcoin to currency when necessary to pay for operating expenses, and otherwise retains the Bitcoin it earns in a combination of self-custodied wallets and custodial wallets with third-parties. SATO has implemented internal controls, secure technology, and appropriate custody arrangements to minimize the risk of loss or theft of the retained digital assets, mainly Bitcoins.

Self-custody wallet

Some of the Bitcoin received by the Company is deposited to multi-signature wallets that the Company controls, which are secured by Fireblocks Inc. ("Fireblocks"), which is classified as a non-custodial technology provider according to the Department of Financial Services of New York. Fireblocks secures access to the Company's wallet and the transfers in and out of the wallet, but at no time does Fireblocks exercise control over SATO's Bitcoin. Fireblocks 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 not a fiduciary or a licensed custodian under any banking or trust laws of any jurisdiction. Fireblocks is not a related party of the Company.

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 that Fireblocks maintains a secure technology infrastructure and that their systems are designed

and operating effectively. Fireblocks maintains insurance coverage for losses resulting from failures of technology and cybersecurity, and for professional liability, however, the Company cannot ensure that the coverage from this policy would be available to the Company or, if available, sufficient to make the Company whole for any BTC that might be lost or stolen. The Company is unaware of: (i) any security breaches involving Fireblocks, and (ii) anything with regards to Fireblocks' operations that would adversely affect the Company's ability to obtain an unqualified audit opinion on its audited financial statements. The Company's digital assets secured by Fireblocks would continue to be owned and recoverable by the Company in the event of bankruptcy by Fireblocks.

On April 16, 2024, SATO signed a contract with a 3rd party blockchain protection company, which will provide the following services to protect Bitcoin funds kept on Fireblocks:

- RSA Key Pair;
- Secure Key Storage that will be kept offline with zero network exposure;
- Device Access Recovery which will allow a soft recovery package passphrase in the event that the Customer loses access
- Account Access Recovery;
- Theft Protection.

Custodian wallet

The balance of the Bitcoin received by the Company is deposited directly to wallets held with Sygnum Bank AG ("Sygnum"), pursuant to the Company's Loan Agreement with Sygnum. Sygnum is a Swiss-based fiduciary and qualified custodian under Swiss banking law and is licensed in Switzerland to custody digital assets. Currently, Sygnum does not use a sub-custodian. Sygnum is not a related party of the Company.

Sygnum is ISAE 3402 Type II certified and undergoes a ISAE 3402 review on an annual basis. SATO reviews the Sygnum ISAE 3402 report to ensure that Sygnum maintains a secure technology infrastructure and that their systems are designed and operating effectively.

Sygnum has insurance coverage of CHF 10 million for digital assets under its custody, however, the Company cannot ensure that the limits of this policy would be available to the Company or, if available, sufficient to make the Company whole for any BTC that are lost or stolen. The Company is unaware of: (i) any security breaches involving Sygnum, and (ii) anything with regards to Sygnum's operations that would adversely affect the Company's ability to obtain an unqualified audit opinion on its audited financial statements. The Company's digital assets held in custody with Sygnum are held off-balance sheet and are therefore ring-fenced from Sygnum's own assets. This means that the Company's assets would not become part of the bankruptcy estate in the event of bankruptcy by Sygnum.

The Company is required to maintain a combination of Bitcoin and cash, with a value of at least 20% of the outstanding amount of the secured loan, with Sygnum at all times as security for the Company's secured loan.

SATO holds a diversified fiat position, in USD, CAD, CHF and EUR, across multiple bank accounts with two Canadian banks and one Swiss bank. The Company avoids concentrating its cash in a single account or bank.

Highlights of the nine months ended September 30, 2025, to the date of the MD&A

Financial Highlights for the three and nine months ended September 30, 2025

- As noted earlier, the Halving event occurred on April 19, 2024 resulting in the Company earning half the number of Bitcoin for the same amount of hashrate.
- Total revenue increased by 28% for the three months ended September 30, 2025 and decreased 27% for the nine months ended September 30, 2025, compared to the same periods in 2024.
- Gross profit for the three months ended September 30, 2025 was $381,566 and $569,584 for the nine months ended September 30, 2025 compared to a gross loss of $544,387 and gross profit $3,082,973 for the three and nine months ended September 30, 2024.
- Net loss of $284,424 and $1,936,320 for the three and nine months ended September 30, 2025, compared to a net loss of $1,717,056 and net income of $1,269,387 for the three and nine months ended September 30, 2024.
- 21 BTC and 65 BTC earned in the three and nine months ended September 30, 2025, compared to 31 BTC and 161 BTC in for the three and nine months ended September 30, 2024.
- Digital assets (including restricted digital assets) [1] balance at September 30, 2025, was $1,462,005 compared to $4,556,864 at December 31, 2024.

[1] This is a supplementary financial measure. Refer to the Non-IFRS Performance Measures section of this news release for more information on each supplementary financial measure.

Stock Options

On March 3, 2025, the Company granted stock options to purchase an aggregate of 1,991,424 common shares to directors, officers, consultants and employees. The options are exercisable into common shares of the Company at a price of $0.185 per share for a period of 5 years from date of grant. A total of 1,085,000 options vested on April 21, 2025, and 906,424 options will vest on March 3, 2026. Of the total grant, 1,071,424 options have been awarded to directors and officers and are subject to a four month hold period in accordance with TSXV policies.

Results of Operations for the nine months ended September 30, 2025 and 2024

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% change	2025	2024	% change
Revenue	3,344,866	2,612,997	28%	9,324,279	12,802,910	-27%
Cost of revenue	2,963,300	3,157,384	-6%	8,754,695	9,719,937	-10%
Gross (loss) profit	381,566	(544,387)	N/A	569,584	3,082,973	-82%
Gain (loss) on use of digital assets	185,979	(111,284)	N/A	532,260	231,635	130%
Unrealized gain (loss) on revaluation of digital assets	-	97,282	N/A	-	1,194,769	N/A
Expenses	627,556	534,156	17%	2,039,768	2,335,585	-13%
Operating income (loss)	(60,011)	(1,092,545)	-95%	(937,924)	2,173,792	N/A
Other charges	224,413	624,511	-64%	998,396	904,405	10%
Profit (loss) before income taxes	(284,424)	(1,717,056)	-83%	(1,936,320)	1,269,387	N/A
Deferred income taxes	-	-	N/A	-	-	N/A
Net income (loss)	(284,424)	(1,717,056)	-83%	(1,936,320)	1,269,387	N/A
Total comprehensive income (loss)	(203,158)	(1,717,056)	-88%	(1,891,370)	1,269,387	N/A
Compute power profit 2	**921,602**	**199,656**	**362%**	**2,188,772**	**5,246,210**	**-58%**
EBITDA	**424,178**	**(720,636)**	**N/A**	**256,498**	**4,258,857**	**-94%**
Adjusted EBITDA 3	**$ 333,505**	**$ (353,728)**	**N/A**	**$ 389,004**	**$ 3,061,353**	**-87%**

[1]2Compute Power Profit is a non-GAAP financial measure. Refer to the Non-IFRS Performance Measures section of this news release for more information on each non-GAAP financial measure.
[1]3 Adjusted EBITDA is a non-GAAP financial measure. Refer to the Non-IFRS Performance Measures section of this news release for more information on each non-GAAP financial measure.

Revenue

For the three months ended September 30, 2025, SATO earned 21 Bitcoin resulting in revenue of $3,339,586, compared to revenue of $2,607,717 from 31 Bitcoin in the three months ended September 30, 2024. For the nine months ended September 30, 2025, SATO earned 65 Bitcoin resulting in revenue of $9,308,439, compared to revenue of $12,764,579 from 161 Bitcoin in the nine months ended September 30, 2024. The decrease in Bitcoin production was primarily attributable to:

1. April 2024 halving event – On April 19, 2024, the Bitcoin network reduced block rewards from 6.25 BTC to 3.125 BTC. This halving immediately cut the number of Bitcoin earned per block by 50%, materially reducing

production levels for all miners regardless of operating capacity.

2. Increased network difficulty / hashrate – The Bitcoin network's average hashrate for Q3 2025 remained near all-time highs (approximately 1.077 ZH/s at September 30, 2025, compared with roughly 621 EH/s at September 30, 2024). Higher network hashrate reflects increased competition and directly reduces the number of Bitcoin earned per unit of computing power.
3. Reduced operational capacity due to equipment loss – A fire in 2024 damaged a portion of the Company's mining equipment, resulting in an approximate 5.4% reduction in available hashing capacity in 2025 compared with the same periods in 2024.

These factors combined to materially reduce the Company's Bitcoin production despite continued operation of its existing fleet and access to competitive hydroelectric power in Québec.

Although the number of Bitcoin earned decreased, the average market price of Bitcoin during January to September 2025 was approximately US $102,000, compared to around US $60,000 for the same period in 2024. This price appreciation of approximately 70% helped offset the production decline, supporting digital asset revenue.

The Company also experienced load shedding and downtime in 2025. Load shedding is typically required in the winter when Hydro-Joliette asks the Company to reduce the power usage of its computing operations during periods of extreme cold, in order to support grid stability. In Q1 2025, SATO incurred 197 hours of curtailment and 71 hours of planned outage due to the replacement of three electrical substations. While such maintenance is uncommon, it was necessary to improve long-term reliability and capacity. The total downtime amounted to 268 hours, representing approximately 12.4% of operating hours for the quarter. In Q2 2025, there was no load shedding, but the Company experienced 22.32 hours of downtime from repair or power issues, mainly linked to minor electrical work and local power interruptions. In Q3, there was 7.31 hours of downtime relating to maintenance. Total downtime for Q3 represented less than 1% of available operating hours, a significant improvement compared to Q1 and Q2.

Other revenue for the three and nine months ended September 30, 2025 was $5,280 and $15,840 compared to $5,280 and $38,331 during the three and nine months ended September 30, 2024. During 2025 other revenue consisted of management revenues. During 2024 the Company provided services to two customers compared to only one customer in 2025 which reduced revenue from the comparative period.

The cost of operations for the three months ended September 30, 2025, was $2,963,300, compared to $3,157,384 for the three months ended September 30, 2024. The cost of operations for the nine months ended September 30, 2025, was $8,754,695, compared to $9,719,937 for the nine months ended September 30, 2024. These costs directly relate to the costs incurred for earning Bitcoin and include site operating costs (such as electricity, insurance and regular maintenance cost), salaries and benefits, and depreciation. The decrease in site operating costs was primarily due to lower electricity costs (mainly resulting from fewer miners in operation and increased downtime), reduced repair and maintenance costs, and a decrease in depreciation expense related to miners and associated equipment.

Below is a breakdown of the cost of operations for the three and nine months ended September 30, 2025 and 2024:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Cost of operations	**$**	**$**	**$**	**$**
Site operating costs	2,373,478	2,381,151	6,983,745	7,432,731
Salary and benefits	44,506	26,910	135,922	85,638
Depreciation	545,316	749,323	1,635,028	2,201,568
	2,963,300	3,157,384	8,754,695	9,719,937

SATO had gains of $185,979 and $532,260 on the use of digital assets for the first three and nine months ended September 30, 2025, compared to a loss of $111,284 and gain of $231,635 in the comparative periods. These gains are the result of exchanging Bitcoin for cash, donations and for services. SATO also had an unrealized gains of $81,266 and $44,950 on the revaluation of digital assets for the first three and nine months ended September 30, 2025 respectively, as a result of the increasing Bitcoin price to the end of Q3 2025.

Expenses

A summary of expenses for the three and nine months ended September 30, 2025 and 2024 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	$	$	$	$
Share based compensation	32,763	48,417	232,914	156,250
General and administration				
Salaries, benefits and remuneration	362,055	209,032	1,143,807	1,022,954
Advertising, promotion, and investor relations	25,798	55,928	109,389	356,949
Directors' and officers' insurance	23,750	42,987	71,250	128,962
Professional fees	65,956	34,201	237,954	269,669
Legal fees	65,017	39,411	153,804	106,020
Regulatory cost	36,674	26,993	98,259	102,455
Custodian fees	-	12,387	12,808	31,774
Other expenses	15,543	64,800	73,302	160,552
Other expense recovery	-	-	(93,719)	-
	627,556	534,156	2,039,768	2,335,585

Share-based compensation represents the value of stock options that have vested during the period, which is a non-cash expense. The Company granted 1,991,424 stock options during the nine months ended September 30, 2025, compared to 30,000 stock options granted in 2024, which explains the increase in the expense.

General and administrative expenses for the three and nine months ended September 30, 2025, were $594,793 and $1,806,854, compared with $485,739 and $2,179,335 in the same periods of 2024. The decrease on a year-to-date basis was primarily driven by a decrease in advertising, promotion, and investor relations, and other expense recoveries which represented GST refunds from prior periods and the write-off of an over-accrued expense. Advertising, promotion, and investor relations expenses decreased significantly, to $109,389 for the nine months ended September 30, 2025, from $356,949 in the same periods of 2024, reflecting fewer investor relations initiatives during the current period. For Q3 2025, salaries increased compared to Q3 2024 as the Company engaged additional personnel (at the end of fiscal 2024) to assist management with advancing its strategy on developing an AI facility.

Other charges/income

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	$	$	$	$
Foreign exchange loss	(1,416)	56,824	8,754	27,752
Impairment of property, plant and equipment	-	16,101	-	16,101
Unrealized foreign exchange (gain) loss	62,543	304,489	431,852	72,650
Finance expense	163,286	247,097	557,790	787,902
	224,413	624,511	998,396	904,405

The Company had a comprehensive loss of $1,891,370 for the nine months ended September 30, 2025, compared to a comprehensive income of $1,269,387 for the nine months ended September 30, 2024.

Selected Quarterly Information (in accordance with IFRS)

The following table summarizes SATO's financial information for the last eight quarters:

Financial Results	Q3 2025	Q2 2025	Q1 2025	Q4 2024
	$	$	$	$
Revenue	3,344,866	3,019,539	2,959,874	3,294,313
Gross Profit (Loss)	381,566	(110,379)	298,397	(35,973)
Total Expenses	627,556	642,751	769,461	997,578
Net Income (Loss)	(284,424)	(766,454)	(885,442)	(94,740)

Financial Results	Q3 2024	Q2 2024	Q1 2024	Q4 2023
	$	$	$	$
Revenue	2,612,997	4,275,158	5,914,755	5,369,198
Gross Profit (Loss)	(544,387)	942,422	2,684,938	2,159,366
Total Expenses	534,156	903,020	898,409	1,066,993
Net Income (Loss)	(1,717,056)	(924,526)	3,910,969	951,825

Revenue generated from the Company's sale of computing power for Bitcoin is the primary contributor to the quarterly variations in revenue and net income or loss, and can vary depending upon the price of Bitcoin, which is volatile. Winter months typically generate fewer mining outputs due to load shedding. While the Bitcoin mining industry experiences volatility, it is typically not subject to seasonality. Seasonal fluctuations in electricity supply, however, may impact the Company's operations. All of the Company's operations during the above periods were in Québec. Changing weather may impact seasonal electricity needs, and periods of extreme cold or extreme hot weather may thus contribute to service interruptions in cryptocurrency mining operations.

Liquidity and Capital Resources

As at September 30, 2025, SATO had a working capital deficiency of $2,448,648 compared to a deficiency of $108,648 as at December 31, 2024.

Net cash used in operating activities for nine months ended September 30, 2025, was $9,270,449, and cash provided by investing activities amounted to $13,028,609, related to the disposal of digital assets. Cash used in financing activities was $3,691,747.

As at September 30, 2025, SATO had cash on hand of $640,621 (December 31, 2024 - $658,488), restricted cash of $Nil (December 31, 2024 - $90,312), digital assets of $346,688 (December 31, 2024 - $3,094,216) and restricted digital assets of $1,115,317 (December 31, 2024 - $1,462,648).

SATO's ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business is dependent upon maintaining sustained profitability. There are various risks and uncertainties affecting SATO's operations including, but not limited to, the viability of the economics of Bitcoin mining, the liquidity of Bitcoin, and SATO's ability to maintain the security of its digital assets and execute its business plan.

SATO's strategy to mitigate these risks and uncertainties is to execute a business plan aimed at maintaining security, operational efficiency, revenue growth, and overall computing profitability while managing operating expenses and working capital requirements, including the securing of additional financing as needed through loans/equity investments. However, given the volatility in financial markets it may be difficult to raise financing when needed. Failure to implement SATO's business plan could have a material adverse effect on its financial condition or financial performance. Accordingly, there are material risks and uncertainties that cast significant doubt over SATO's ability to continue as a going concern.

The Company monitors its liquidity position closely and manages capital with a view to maintaining operational continuity while advancing its strategic initiatives. During the period, market conditions in the Bitcoin mining sector, combined with the impact of the 2024 Halving, placed pressure on cash flow and contributed to the Company's working capital deficit as at September 30, 2025.

To preserve financial flexibility, management continues to review operating costs, optimize site performance, and evaluate financing opportunities that would support the development of its AI infrastructure strategy. The Company believes that the growing demand for high-density compute capacity, together with Québec's recent policy support for AI data centers, provides a constructive environment for securing the capital required to advance these initiatives.

Subsequent to September 30, 2025, the Company reached an agreement regarding a temporary grace period from its primary lender, suspending principal and interest payments for three months beginning in November 2025. This accommodation provides near-term flexibility and allows management to continue pursuing its strategic financing and restructuring objectives. The arrangement does not modify the total principal outstanding, interest rate, or maturity of the facility.

In parallel, the Company implemented a temporary down-clocking of approximately 40 percent of its mining fleet, reducing power consumption. This measure lowers operating costs and improves daily profitability, despite a modest reduction in hashrate

As part of prudent risk management, the Company is also evaluating a range of strategic and financial alternatives that could strengthen liquidity if required. These alternatives remain exploratory, and there is no assurance that any transaction will occur. Management's objective remains to secure the funding needed to pursue the Company's AI strategy while retaining maximum optionality.

The Company will continue to assess its liquidity position, financing opportunities, and strategic options as part of its going-concern evaluation for the next twelve months.

Non-IFRS Performance Measures

This MD&A makes reference to certain measures that are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore not necessarily comparable to similar measures presented by other companies. The Company uses non-IFRS measures including "Adjusted EBITDA" and "Compute Profit" as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from Management's perspective. The following tables reconcile non-IFRS measures used by the Company to analyze the operational performance of the Company, to its nearest IFRS measure and should be read in conjunction with the audited consolidated statement of operations and comprehensive income (loss) and consolidated statement of cash flows included in the consolidated financial statements for the three and nine months ended September 30, 2025, and 2024.

Digital Assets (including restricted digital assets)

Digital Assets (including restricted digital assets) is a supplementary financial measure, which represents the total value of digital assets held by the Company, including those subject to contractual or regulatory restrictions. It comprises unrestricted digital assets available for operational use and restricted digital assets that are reserved for specific obligations or held under lock-up arrangements.

Compute Power Profit (formerly called "Mining Profit'')

Compute Power profit represents gross profit (revenue earned from Mining Pool operators less cost of revenue), excluding (i) depreciation, (ii) revenue and site operating costs directly attributable to hosting revenue, and (iii) other revenue. This measure focuses on profitability from core compute power operations, giving investors clearer insight into operational efficiency and scalability before considering non-operating factors. Management and the board use Compute Power Profit to assess performance and cost efficiency of compute services, monitor trends and guide infrastructure and energy decisions, and support budgeting and forecasting. Previously called "Mining Profit," the name was changed to "Compute Power Profit" to reflect SATO's broader focus on compute power services beyond

traditional mining.

The following is a reconciliation of gross profit to the non-IFRS measure of Compute Power profit:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	$	$	$	$
Gross Profit	**381,566**	**(544,387)**	**569,584**	**3,082,973**
Add (deduct)				
Other revenue	(5,280)	(5,280)	(15,840)	(38,331)
Depreciation	545,316	749,323	1,635,028	2,201,568
Compute Power Profit	**921,602**	**199,656**	**2,188,772**	**5,246,210**

Adjusted EBITDA

Adjusted EBITDA represents net income excluding finance income, finance expense, income taxes, depreciation, and amortization, and adjusted for non-cash and non-recurring transactions.

Management believes that the items excluded from Adjusted EBITDA are not connected to and do not represent the operating performance of SATO. Management believes that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by SATO's main business activities prior to taking into consideration how those activities are financed and taxed as well as expenses related to stock-based compensation, depreciation, amortization, restructuring costs, other expense (income), and foreign exchange (gain) loss. Accordingly, management believes that this measure may also be useful to investors in enhancing their understanding of SATO's operating performance. It is a key measure used by SATO's management and board of directors to understand and evaluate SATO's operating performance, to prepare annual budgets, and to help develop operating plans.

The following is a reconciliation of net income to the non-IFRS measure of Adjusted EBITDA:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	$	$	$	$
Net income (loss)	**(284,424)**	**(1,717,056)**	**(1,936,320)**	**1,269,387**
Add (deduct)				
Finance expense	163,286	247,097	557,790	787,902
Deferred income taxes	-	-	-	-
Depreciation	545,316	749,323	1,635,028	2,201,568
EBITDA	**424,178**	**(720,636)**	**256,498**	**4,258,857**
Share based compensation	32,763	48,417	232,914	156,250
Loss (gain) on use of digital assets	(185,979)	111,284	(532,260)	(231,635)
Unrealized foreign exchange (gain) loss	62,543	304,489	431,852	72,650
Unrealized gain on revaluation of digital assets	-	(97,282)	-	(1,194,769)
Adjusted EBITDA	**333,505**	**(353,728)**	**389,004**	**3,061,353**

Related Party Transactions

The Group entered into consulting agreements with certain non-independent directors and officers. The total compensation that was given to the directors and officers is detailed as follows:

	September 30, 2025	September 30, 2024
	$	$
Salaries, benefits and remuneration	617,524	722,277
Stock based compensation	119,070	88,849
Total	736,594	811,126

As at September 30, 2025, a balance of $103,994 ($292,477 as at December 31, 2024) was due to related parties and included in accounts payable and accrued liabilities. During the nine months ended September 30, 2025, the Company granted 1,071,424 options to directors and officers and are subject to a four month hold period in accordance with TSXV policies.

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Financial Instruments and Business Risks

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Fair value

The fair value of the Company's financial instruments, including cash, restricted cash, other receivables, accounts payable and accrued liabilities, approximates their carrying value due to their short-term nature. The fair value of borrowings approximates their carrying amounts based on actualized cash flows (Level 2). Digital assets are measured at fair value using the quoted price on Coinbase Prime (Level 1).

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and restricted cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk is limited and relates to its ability to earn interest income on cash balances. Changes in short term interest rates will not have a significant effect on the fair value of the Company's cash account

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash and digital assets.

The Company has a planning and budgeting process to help determine the funds required to support the Company's normal spending requirements on an ongoing basis and its expansion plans.

As at September 30, 2025, the contractual maturities of financial liabilities, and other amounts payable including estimated interest payments are as follows:

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	5+ years
	$	$	$	$	$	$
Accounts payable and accrued liabilities	879,268	879,268	879,268	-	-	-
Line of credit	573,609	573,609	-	573,609	-	-
Line of credit - interest	-	5,799	5,799	-	-	-
Long term loan	5,770,276	5,770,276	3,748,785	2,021,491	-	-
Long term loan - interest	-	453,169	395,499	57,670	-	-
	7,223,153	**7,682,121**	**5,029,351**	**2,652,770**	**-**	**-**

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Company. The Company's functional currency is the Canadian dollar and most purchases are transacted in Canadian dollars. Management currently does not hedge its foreign exchange risk.

Digital assets and risk management

Digital assets are measured using Level 1 Fair values, determined by taking the rate from Coinbase Prime.

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of digital assets; in addition, the Company may not be able to liquidate its inventory of digital assets at its desired price if required. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history, and the fair value historically has been very volatile. Historical performance of digital assets is not indicative of their future price performance. The Company's digital assets currently solely consist of Bitcoin and Ether.

Critical Accounting Estimates and Material Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Income from digital assets earned

The Company recognizes income from the sale of computing power produced to provide transaction verification services within digital asset networks, commonly termed cryptocurrency mining. As consideration for these services, the Company receives digital assets from each network in which it participates. Income from digital asset mining is measured based on the fair value of the digital assets received. The fair value is determined using the closing price of the digital assets on the date of receipt. The digital assets are recorded on the statement of financial position, as digital assets, at their fair value less costs to sell and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of digital assets for traditional (fiat) currencies are included in profit or loss.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the mining and strategic selling of digital assets, and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of income from digital assets mining for mining of digital assets. Management has examined various factors surrounding the substance of the Company’s operations, including the stage of completion, being the completion and addition of a block to a blockchain, and the reliability of the measurement of the digital assets received.

Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements.

Leases - Incremental borrowing rate

Judgment is applied when determining the incremental borrowing rate used to measure the lease liability of each lease contract, including an estimate of the asset-specific security impact. The incremental borrowing rate should reflect the interest rate the Company would pay to borrow at a similar term and with similar security.

Income, valued added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's 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.

Useful lives of property, plant and equipment

Depreciation of mining and industrial equipment is an estimate of its expected life. In order to determine the useful life of computing equipment, assumptions are required about a range of computing industry market and economic factors, including required hashrates, technological changes, availability of hardware and other inputs, and production costs.

Digital asset valuation

Digital assets consist of cryptocurrency denominated assets and are included in current assets. Digital assets are carried at their fair value determined by the spot rate less costs to sell. The digital asset market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital assets would have a significant impact on the Company’s earnings and financial position.

Impairment of non-financial assets

Impairment of miners is estimated based on the recoverable amount of mining equipment based on current market prices and hash rate power per miner type. Hash rate power refers to the computational power of the mining equipment, which directly affects the mining efficiency and potential revenue generation. As the market prices for mining equipment and hash rate power can vary significantly over time, these factors are considered in estimating the recoverable amount of the assets. The current market prices for mining equipment are obtained from various sources, including manufacturers, distributors, and marketplaces for used equipment. Management reviews and compares these prices regularly to ensure the accuracy and relevance of the data.

Capital Management

The Company’s capital currently consists of Common Shares. The Company’s capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

Share Capital

As of the date of this MD&A, the Company has issued, and outstanding share capital consisted of 73,277,783 Common Shares, 6,553,020 stock options and 520,000 warrants. 20,941,095 securities are under escrow.

Risk Factors

The Company's business is subject to a number of risk factors, which are described in the AIF that was filed on SEDAR+ on May 15, 2024. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of the Common Shares to decline. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the Common Shares could decline, and shareholders may lose all or part of their investment.