Management's Discussion and Analysis

For the three and nine months ended September 30, 2026 and 2025

Dated November 25, 2026

Introduction

The following management's discussion and analysis (the "MD&A") discusses the financial condition, results of operations and cash flows of SATO Technologies Corp. and its subsidiaries (collectively, "SATO" or the "Company") for the three and nine months ended September 30, 2026 and 2025. This MD&A should be read together with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2026, the audited consolidated financial statements for the year ended December 31, 2025, and the related notes.

The Company's financial statements have been prepared in accordance with IFRS Accounting Standards as applicable to interim financial reporting. All monetary amounts are stated in Canadian dollars unless otherwise indicated. The financial statements, this MD&A and additional information concerning the Company are available on SEDAR+ at www.sedarplus.ca.

Forward-Looking Statements

This MD&A contains forward-looking information and forward-looking statements within the meaning of applicable Canadian securities laws (collectively, "forward-looking information"). Forward-looking information relates to future events or the Company's future performance and reflects management's expectations or beliefs regarding future events. It may be identified by words such as "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "proposed", "may", "could", "would", "will" and similar expressions, including negative variations.

Forward-looking information in this MD&A includes statements concerning the Company's strategy to develop AI and HPC data-centre infrastructure; the potential use of portions of Center One for AI and HPC workloads, including the development previously referred to as "AI Factory 1"; potential hosting, colocation, infrastructure or other commercial arrangements; the commencement of services and revenue under the Company's first AI hosting agreement; the potential construction of new AI-dedicated infrastructure at Center One; the development, acquisition, lease or financing of additional sites; the proposed AI data-centre project in Bhutan; anticipated infrastructure requirements; the availability of power, equipment, financing and customers; the timing and cost of development activities; the expected use of available funds, including the proceeds of completed and proposed financings; the continued operation of the Bitcoin-mining fleet during the transition; the potential phased allocation of portions of Center One's power capacity from Bitcoin mining to AI and HPC workloads; and the Company's liquidity, capital requirements and ability to continue as a going concern.

Forward-looking information is based on assumptions that management considers reasonable as of the date of this MD&A, including assumptions regarding power availability and pricing, site suitability, customer demand, the Company's ability to negotiate definitive agreements on acceptable terms, financing availability, regulatory approvals, the performance of the Company's first AI hosting customer, infrastructure costs, Bitcoin prices, network difficulty, equipment performance and general economic conditions. Actual results may differ materially because of known and unknown risks, uncertainties and other factors, including the risks described under "Risk Factors" in this MD&A and in the Company's most recently filed annual information form.

The Company's AI and HPC initiatives are at the development stage and are subject to significant execution risk. As at September 30, 2026, the Company had not commenced commercial AI or HPC data-centre operations, had not entered into any definitive agreement to provide AI or HPC services and had not generated revenue from AI or HPC activities. Subsequent to September 30, 2026, the Company entered into its first agreement to provide AI hosting services, which is limited in scale relative to the capacity of Center One, as described under "Highlights". There can be no assurance that any proposed project, customer arrangement, financing or development will be completed or, if completed, will achieve the anticipated results. Except as

required by applicable securities laws, the Company undertakes no obligation to update forward-looking information after the date of this MD&A.

Current Business and Strategic Focus

SATO currently operates power-intensive, high-density computing infrastructure at Center One. As at and during the nine months ended September 30, 2026, Center One was used for Bitcoin mining, which was the Company's only material revenue-generating operating activity. In parallel, the Company is evaluating and developing opportunities to adapt portions of Center One and potentially other powered sites to support AI and HPC workloads.

Management believes that the Company's access to power, its electrical infrastructure and its experience operating high-density computing equipment can also support AI and HPC workloads. A significant portion of senior management's time is devoted to evaluating and advancing AI and HPC data-centre opportunities, which are the focus of the Company's growth strategy. Other than the Company's first AI hosting agreement, entered into subsequent to September 30, 2026, these opportunities are at the development and evaluation stage, and the Company has not entered into any definitive agreement to acquire or lease an additional site.

As at September 30, 2026, the Company's power capacity at Center One remained dedicated to Bitcoin mining. Expenditures on AI and HPC development activities during the period consisted primarily of engineering, advisory and legal costs. The Company expects to continue Bitcoin mining at Center One during the transition, with mining capacity reduced as AI and HPC capacity is brought into service. Any future use of Center One or other sites for AI and HPC workloads would depend on, among other things, definitive customer or partner arrangements, financing and any required regulatory approvals, including the acceptance of the TSX Venture Exchange where required.

Glossary

"AI" means artificial intelligence.

"ASIC" means an application-specific integrated circuit; in this MD&A, a computer designed for Bitcoin mining.

"Bitcoin" or "BTC" means the native digital asset of the Bitcoin network.

"Co-location" means the provision of space, cooling and connectivity to house computing equipment owned by a customer.

"Difficulty" means the measure, adjusted periodically by the Bitcoin protocol, of how difficult it is to mine a block.

"GPU" means a graphics processing unit, a processor used for AI and HPC workloads.

"Halving" means the predetermined reduction by half of the Bitcoin block reward, which occurs approximately every four years.

"Hashrate" means the computing power applied to Bitcoin mining, expressed in petahashes (PH/s) or exahashes (EH/s) per second.

"HPC" means high-performance computing.

"Hydro-Joliette" means the municipal electricity distributor of the City of Joliette, which redistributes power purchased from Hydro-Québec.

"Inference" means the use of a trained AI model to generate outputs.

"IT load" means the electrical power consumed by computing equipment, excluding cooling and other facility loads.

"kW" and "MW" mean kilowatt and megawatt, units of electrical power.

"Powered shell" means a building delivered with power and base infrastructure for fit-out by a customer.

"PUE" or "power usage effectiveness" means total facility power divided by IT load.

Highlights for the Nine Months Ended September 30, 2026 and to the Date of this MD&A

AI and HPC data centre development

During the quarter and subsequent to September 30, 2026, management continued to advance the Company's AI and HPC data-centre development strategy. Activities during the period included technical and commercial planning for the potential use of portions of Center One for AI and HPC workloads, discussions with potential customers and commercial partners, the evaluation of additional powered sites and continued discussions with the Gelephu Mindfulness City Authority regarding the proposed AI data-centre project in Bhutan. Other than the hosting agreement described below, these activities remain at the development stage and none of these activities had generated revenue as at September 30, 2026.

First AI hosting agreement

On October 21, 2026, Qritical AI Inc. ("Qritical"), a wholly owned subsidiary of the Company, entered into a master services agreement and a first service order with an AI infrastructure company to host AI computing equipment at Center One. Services commenced in November 2026. The agreement is the Company's first AI hosting arrangement and is limited in scale relative to the capacity of Center One.

Center One engineering design

During the period, the Company engaged an engineering firm to prepare a conceptual design for the use of Center One's 20 MW power capacity for AI and HPC workloads, including the potential construction of a new AI-dedicated building within the same industrial complex, served by the existing power connection. The conceptual design is expected to be delivered between December 2026 and January 2027.

Settlement of senior secured loan

On August 24, 2026, the Company and its subsidiary CCU entered into a loan settlement agreement (the "Settlement and Release Agreement ") with Sygnum Bank AG ("Sygnum"). Pursuant to the agreement, Sygnum retained approximately 6.69 BTC held in accounts with Sygnum and CCU made a cash payment of CHF150,000, in full satisfaction of the loan and full release of the obligations of CCU and the Company in connection with the loan. The settlement eliminated all of the Company's senior secured indebtedness. The Company recognized a gain on settlement of $1,986,285 during the three months ended September 30, 2026.

Private placements

During the nine months ended September 30, 2026, the Company completed private placements (including a convertible debenture financing) that generated aggregate gross proceeds of approximately $2.9 million.

Current operations and source of revenue

As at September 30, 2026, Bitcoin mining at Center One in Joliette, Québec was the Company's only operating activity and generated substantially all of the Company's revenue. The Company continued to adjust the utilization of its mining fleet in response to Bitcoin prices, network difficulty, electricity costs, curtailment requirements and individual miner efficiency.

Company Overview

SATO operates Center One, an approximately 20 MW hydroelectric-powered computing facility located in leased premises in Joliette, Québec. During the nine months ended September 30, 2026, Center One was used for Bitcoin mining. The Company is also evaluating and developing opportunities to adapt its infrastructure to support AI and HPC workloads, as described under "AI and HPC Data Centre Development Strategy".

The Company was incorporated on May 7, 2008 under the Business Corporations Act (Ontario). Its qualifying transaction was completed on September 8, 2021 through the reverse takeover of Canada Computational Unlimited Inc. ("CCU"), which became a wholly owned subsidiary. The Company's common shares trade on the TSX Venture Exchange under the symbol SATO and in the United States under the symbol OTCQB: CCPUF.

CCU was incorporated under the Business Corporations Act (Québec) on November 16, 2017 and operates Center One. SATO Corp., a wholly owned subsidiary, was incorporated in Delaware on October 11, 2022. Qritical, a wholly owned subsidiary incorporated in Québec on June 23, 2025, was established to pursue the Company's AI and HPC development activities. Qritical had not generated revenue as at September 30, 2026.

The Company's head office is located at 66 Wellington Street West, Suite 5300, Toronto, Ontario M5K 1E6. Center One is located at 289 Dugas, Joliette, Québec J6E 4H1.

AI and HPC Data Centre Development Strategy

Strategic direction

Management believes that access to reliable power, suitable sites and high-density electrical infrastructure is increasingly important to the development of AI and HPC computing capacity. These are the same attributes on which the Company's existing Bitcoin-mining operations depend. Management is therefore devoting a significant portion of its business-development efforts to opportunities to deploy or support AI and HPC infrastructure using the Company's existing capabilities.

The Company's strategy is to develop a phased expansion of its infrastructure to support AI and HPC workloads while continuing its Bitcoin-mining operations.

Center One development opportunity

Center One provides the Company with an existing industrial facility, an established power relationship and operating experience in managing power-intensive computing equipment. Management is evaluating how portions of the facility and its electrical infrastructure could be adapted to support AI and HPC workloads. Potential arrangements may include powered-shell, colocation, hosting, infrastructure-service, joint-venture or other commercial structures, depending on customer requirements and the capital available to the Company.

The Company has previously referred to the potential AI and HPC development at Center One as "AI Factory 1". AI Factory 1 is at the design stage. Management's plan contemplates (i) the phased deployment of AI and HPC capacity within the existing building, beginning with the Company's first hosting agreement, and (ii) the potential construction of a new AI-dedicated building within the same industrial complex, served by the existing power connection, to use up to the facility's 20 MW of power capacity. The scope and timing of each phase will depend on customer commitments, financing, regulatory approvals and technical considerations. Bitcoin mining will continue in the capacity not allocated to AI and HPC workloads.

Using any portion of Center One for AI and HPC workloads will require additional capital and may require changes to cooling, electrical distribution, networking, security and building systems. The scope, timing and cost of the work will depend on the requirements of prospective customers, the structure of the commercial arrangements and the availability of financing. There can be no assurance that the Company will complete the work or enter into a revenue-generating AI or HPC arrangement.

Additional site opportunities

The Company is also evaluating opportunities to acquire, lease, develop or participate in additional sites that have, or may obtain, access to power suitable for AI and HPC infrastructure. Management's evaluation considers power capacity and reliability, interconnection timing, land and building requirements, cooling design, network connectivity, customer demand, development cost, project structure, local regulation and available financing.

On July 6, 2026, the Company announced a non-binding letter of intent with the Gelephu Mindfulness City Authority, effective June 20, 2026, concerning the potential phased development of a renewable-energy-

powered AI data-centre project in Bhutan intended to serve demand for AI compute capacity in India. The contemplated project includes an initial 5 MW phase, the potential reservation of up to 100 MW of firm power and a possible longer-term expansion pathway. The letter of intent does not obligate the Company to invest in or develop the project, and the Company's expenditures on the project to date have not been material. The Company intends to establish a project development company to advance the project, subject to available financing. The project remains at an early stage and is subject to due diligence, definitive agreements, site and power arrangements, regulatory approvals, including the acceptance of the TSX Venture Exchange where required, financing and customer commitments.

Other than the non-binding letter of intent described above, the Company has not entered into any agreement, binding or non-binding, to acquire, lease or develop an additional site, and has not generated revenue from these opportunities.

Commercial model and development priorities

Management is evaluating business models under which the Company could earn revenue from providing power-enabled infrastructure and related services rather than owning all computing equipment deployed at a site. The commercial structure for a project may vary based on capital requirements, allocation of customer and equipment risk, service levels and the relative contributions of the Company and its partners.

Management's current development priorities are to:

- secure creditworthy customers or commercial partners under arrangements appropriate to the stage of each project;
- define the technical scope, capital requirements and implementation schedule for potential AI and HPC deployments at Center One;
- advance diligence and commercial structuring for additional powered-site opportunities;
- obtain financing aligned with project milestones and contracted demand; and
- operate the Company's Bitcoin-mining business during the transition, while preserving operating and financial flexibility.

Financial discipline and execution risk

The Company is pursuing its AI and HPC strategy in light of its liquidity position and capital constraints. To date, AI and HPC development expenditures have consisted primarily of planning, engineering, commercial and advisory activities and initial infrastructure for the Company's first hosting deployment. As at the date of this MD&A, the Company's commitments in respect of AI and HPC infrastructure consist primarily of engineering services and the fit-out of its first hosting deployment, the latter funded substantially by contributions from the customer, together with generator equipment acquired under equipment financing. Future development expenditures and commitments are expected to be staged, where practicable, against financing, customer requirements and project milestones. The Company may seek equity, debt, equipment financing, strategic investment, joint ventures or other funding structures. Financing may not be available on acceptable terms or at all and may result in dilution, additional obligations or restrictions on the Company's activities.

The strategy also involves technical, construction, customer concentration, power, equipment, permitting, cybersecurity and market risks. AI and HPC data-centre projects may require greater redundancy, cooling density, networking performance and service commitments than the Company's current Bitcoin-mining operations. The Company's existing Bitcoin-mining experience and infrastructure may not be sufficient, by themselves, to establish a commercially successful AI or HPC business.

Current Bitcoin Mining Operations

Current source of revenue

During the three and nine months ended September 30, 2026, the Company's revenue was generated from Bitcoin mining at Center One, other than other revenue of $5,280 and $15,840, respectively, consisting of

management revenues from one customer. The Company contributed hashrate from its specialized ASIC mining equipment to mining pools and received Bitcoin based on the terms of those arrangements.

Management regularly monitors the profitability of the mining fleet based on Bitcoin prices, network difficulty, electricity costs, equipment efficiency, curtailment requirements and operating conditions. The Company selectively down-clocks or returns miners to service as conditions change. This operating approach may reduce hashrate and Bitcoin production but is intended to limit electricity consumption by equipment that is not expected to operate profitably under prevailing conditions.

Center One and Power Infrastructure

Center One is located in Joliette, Québec and has access to approximately 20 MW of hydroelectric power through Hydro-Joliette. The facility comprises approximately 33,282 square feet within a larger industrial complex and contains the electrical and operating infrastructure used for the Company's Bitcoin-mining fleet.

The facility housed approximately 5,600 air-cooled Bitcoin-mining computers as at September 30, 2026. Subsequent to period end, the Company sold approximately 150 older-generation miners. Its utilization varies with mining economics, required power curtailments, equipment maintenance and operating conditions. Although management is evaluating the use of portions of Center One for AI and HPC workloads, the facility continued to be used for Bitcoin mining as at September 30, 2026. Any AI or HPC deployment would require a defined technical scope and may require material upgrades.

The Company's lease for Center One is expected to continue to September 2033 if the available renewal option is exercised. The Company's 20 MW power arrangement with Hydro-Joliette was extended in February 2023 for an additional five years and is expected to be renewed in September 2028.

The Company curtails operations when required during periods of high grid demand, currently up to approximately 550 hours per winter. Heat generated by the facility is used for ambient heating within the building. The Company has also collaborated with the University of Québec's Laboratoire d'Innovation de Recherche en Énergie Intelligente to study the measurement and potential reuse of heat generated by computing infrastructure.

Technology and Operating Capabilities

The Company has experience operating high-density computing equipment and monitoring electrical loads and environmental conditions. It uses internally developed tools to monitor equipment performance and operating conditions, such as temperature, humidity and airflow, and to identify equipment requiring maintenance. These tools are used only in the Company's own operations and are not offered for sale.

In October 2026, Qritical released in beta a web-based AI platform, available at qritical.ca, that allows customers to deploy and run open-source AI models on their own data through hosted interfaces. The platform currently operates on third-party GPU capacity. It had not generated revenue as at the date of this MD&A, and its further development and commercialization will depend on customer adoption and available financing.

Industry Trends and Business Environment

AI and HPC infrastructure

Demand for AI and other compute-intensive workloads is increasing interest in sites with access to reliable power, scalable electrical infrastructure, cooling capacity and network connectivity. At the same time, development costs, equipment availability, grid constraints and competition for customers and powered sites may limit the Company's ability to participate in this market. Industry demand does not ensure demand for the Company's proposed projects or that proposed projects will be economic.

In Québec, access to hydroelectric power and existing industrial infrastructure may provide development opportunities, but power allocation, rate structures, curtailment requirements, permitting and government policy

remain important constraints. The Company continues to monitor relevant programs and policy developments but has not assumed that any government funding or additional power allocation will be available.

In August 2026, the Government of Québec adopted Decree 1241-2026, under which an electricity distributor must obtain the authorization of the Québec Minister responsible for energy before supplying power previously used for cryptocurrency mining to a data-processing or hosting activity at the same location. In June 2026, Hydro-Joliette confirmed in writing that it has no objection to the use of Center One's 20 MW reserved capacity for AI workloads, as the change requires no additional power or energy. The use of Center One's power capacity for AI and HPC workloads remains subject to applicable authorizations.

In February 2026, Hydro-Québec applied to the Régie de l'énergie to establish a new rate category for data centres, priced by reference to its marginal supply costs, which would exceed current large-power industrial rates. The Régie has not rendered a decision. Hydro-Joliette, as a municipal distributor, applies its own rates, and the effect of any decision on the rates applicable at Center One cannot currently be determined. The Company's first hosting agreement provides for the pass-through of power costs to the customer.

Bitcoin mining

Bitcoin-mining economics remain sensitive to Bitcoin prices, network hashrate and difficulty, block rewards, transaction fees, electricity prices, equipment efficiency and foreign exchange rates. The April 2024 halving reduced the block reward, and increases in network difficulty have continued to pressure production and margins. These conditions affect the utilization of the Company's mining fleet and underpin management's decision to transition the Company's infrastructure to AI and HPC workloads.

Key development and operating risks

- the availability and cost of financing for AI and HPC infrastructure;
- the Company's limited liquidity and its ability to continue as a going concern;
- the Company's ability to secure customers and negotiate definitive commercial agreements;
- dependence on a limited number of customers, including a single AI hosting customer at present;
- power availability, pricing, interconnection and curtailment requirements;
- the cost and timing of electrical, cooling, networking and building upgrades;
- access to GPUs and other specialized equipment;
- construction, commissioning and service-level performance;
- regulatory, permitting, environmental and cybersecurity requirements;
- the authorization required for the change of use of Center One's power capacity, and the terms of the Company's power arrangement, including minimum-utilization and curtailment provisions;
- the requirement to obtain the acceptance of the TSX Venture Exchange and, depending on their nature and size, shareholder approval for certain future transactions relating to the Company's AI and HPC strategy;
- competition from established data-centre operators and other powered-site developers; and
- Bitcoin price volatility, network difficulty, mining equipment efficiency and technological obsolescence.

Custody of Digital Assets

SATO's current practice is to sell the Bitcoin it earns shortly after receipt and use the proceeds to fund operating expenses. Consequently, the Company generally holds digital assets for relatively short periods. As at September 30, 2026, the Company held digital assets having an aggregate fair value of $223,352, comprising Bitcoin with a fair value of $223,268 and other digital assets with a fair value of $84. No digital assets were pledged or otherwise restricted as at September 30, 2026. At December 31, 2025, the Company held digital assets having an aggregate fair value of $829,827, of which $792,392 was pledged to Sygnum as collateral.

Current custody arrangement

Since January 2026, the Company has used an account with Foris DAX CAN ULC, which carries on business as Crypto.com in Canada ("Crypto.com Canada"), to receive digital assets from its mining pool and sell Bitcoin for Canadian dollars. Crypto.com Canada is not a related party of the Company.

Crypto.com Canada has been registered as a restricted dealer in each province and territory of Canada since May 8, 2025. It is not currently a member of the Canadian Investment Regulatory Organization ("CIRO"). Accordingly, assets held through the platform are not eligible for protection by the Canadian Investor Protection Fund. Crypto.com Canada's restricted-dealer registration is subject to specified terms and conditions, and restricted-dealer registration should not be interpreted as an endorsement of the platform or as eliminating custody, insolvency or cybersecurity risk.

Under the terms and conditions of Crypto.com Canada's regulatory decision, client crypto assets held by its custodians are held in segregated omnibus accounts in trust for, or for the benefit of, clients and separately from the assets of Crypto.com Canada, its affiliates and the custodians' other clients. Crypto.com Canada is generally required to maintain at least 80% of the aggregate value of client crypto assets with acceptable third-party custodians. The regulatory decision also provides that client crypto assets held in trust or for the benefit of clients are to be treated as client assets in the event of the insolvency or bankruptcy of Crypto.com Canada or its custodians. The Company relies on Crypto.com Canada and its custodians to comply with these arrangements and has not independently verified their ongoing compliance.

Crypto.com Canada and its custodians maintain insurance that covers certain losses involving client crypto assets, including specified losses arising from third-party hacking, theft of cryptographic keys, insider dishonesty and loss of keys. The policies are subject to exclusions, limits and allocation among multiple insured entities and clients. The Company is not a named insured and cannot provide assurance that insurance proceeds would be available or sufficient to reimburse the Company for any particular loss.

Access to the Company's Crypto.com Canada account is restricted to authorized individuals and is protected through multi-factor authentication. The Company uses whitelisting, dual approval and transaction limits for digital-asset withdrawals. Management reconciles mining-pool receipts, digital-asset balances, dispositions and cash proceeds to the platform's records daily.

The Company's practice of selling Bitcoin shortly after receipt reduces the amount and duration of its custody exposure but does not eliminate the risk of loss, theft, platform failure, insolvency, unauthorized access or delayed access to digital assets or sale proceeds. Any insurance maintained by Crypto.com Canada or its custodians may not cover all circumstances or may be insufficient to reimburse the Company fully.

Former custody arrangements

Until August 24, 2026, the Company held pledged Bitcoin in accounts with Sygnum, which was also the Company's lender. The Company also used wallets administered through the Fireblocks platform until November 2026. Bitcoin held with Sygnum served as collateral for the Company's loan facilities. On August 24, 2026, the Company completed the loan settlement described under "Highlights". Pursuant to the settlement agreement, Sygnum retained approximately 6.69 Bitcoin held in the relevant accounts, and the Company made a cash payment of CHF150,000 (approximately $259,000). Following completion of these obligations, the Company and its subsidiary received a full release from their obligations relating to the debt facility. The Company no longer holds any digital assets with Sygnum and has ceased using Fireblocks.

Results of Operations for the Three and Nine Months Ended September 30, 2026 and 2025

	Three months ended			Nine months ended		
	September 30, 2026	September 30, 2025	Change	September 30, 2026	September 30, 2025	Change
	$	$	%	$	$	%
Total revenues	1,089,353	3,344,866	-67%	3,576,874	9,324,279	-62%
Cost of revenue	1,382,362	2,963,300	-53%	4,926,042	8,754,695	-44%
Gross profit (loss)	(293,009)	381,566	N/A	(1,349,168)	569,584	N/A
Gain (loss) on use of digital assets	181,020	185,979	-3%	32,032	532,260	-94%
Unrealized gain on revaluation of digital assets	-	-		-	-	
Total operating expenses	1,073,119	627,556	71%	1,935,845	2,039,768	-5%
Operating loss	(1,185,108)	(60,011)	1875%	(3,252,981)	(937,924)	247%
Total other charges (income)	(1,903,328)	224,413	N/A	(1,781,373)	998,396	N/A
Income (loss) before income taxes	718,220	(284,424)	N/A	(1,471,608)	(1,936,320)	-24%
Deferred income tax recovery	-	-		-	-	
Net income (loss) for the period	718,220	(284,424)	N/A	(1,471,608)	(1,936,320)	-24%
Net income (loss) and comprehensive income (loss) for the period	726,006	(203,158)	N/A	(1,582,041)	(1,891,370)	-16%
Compute Power Profit (Loss)[1]	69,386	921,602	-92%	(260,225)	2,188,772	N/A
Adjusted EBITDA[2]	(535,198)	333,505	N/A	(1,710,656)	389,004	N/A

[1][1]Compute Power Profit is a non-GAAP financial measure. Refer to the Non-IFRS Performance Measures section.

[2]Adjusted EBITDA is a non-GAAP financial measure. Refer to the Non-IFRS Performance Measures section.

Compute Power Profit and Adjusted EBITDA are non-GAAP financial measures that are not standardized financial measures under IFRS Accounting Standards and may not be comparable to similarly titled measures disclosed by other issuers. Refer to "Non-IFRS Performance Measures" for their composition, explanations of their use and quantitative reconciliations to the most directly comparable IFRS measures.

Revenue

For the three months ended September 30, 2026, SATO earned 11 Bitcoin resulting in revenue of $1,084,073, compared to revenue of $3,339,586 from 21 Bitcoin in the three months ended September 30, 2025. For the nine months ended September 30, 2026, SATO earned 35 Bitcoin resulting in revenue of $3,561,034, compared to $9,308,439 from 65 Bitcoin in the nine months ended September 30, 2025. The decrease in Bitcoin production was primarily attributable to:

1. Down-clocking of less profitable equipment — Management regularly monitors the profitability of the Company's mining fleet based on factors including network difficulty, Bitcoin prices, electricity costs and individual miner efficiency. During the three and nine months ended September 30, 2026, the Company selectively down-clocked up to approximately 50% of its mining fleet when miners were not operating profitably under prevailing market conditions. Management continues to assess fleet profitability monthly and down-clocks or returns miners to service where appropriate.
2. Increased network hashrate and difficulty – Bitcoin network difficulty was approximately 132.8 trillion following the September 19, 2026 adjustment, and network hashrate was approximately 950 EH/s at the end of September 2026, compared with approximately 920 EH/s in June 2026. Higher network hashrate

reflects increased competition and directly reduces the number of Bitcoin earned per unit of computing power.

These factors combined to materially reduce the Company's Bitcoin production despite competitive hydroelectric power in Québec.

The average market price of Bitcoin during January to September 2026 was approximately US$73,000, compared to approximately US$102,000 for the same period in 2025. Although the price of Bitcoin recovered during the third quarter, rising from approximately US$58,500 at the beginning of July to US$83,263 at September 30, 2026, the lower average price compared with 2025, together with reduced production, decreased the Company's digital asset revenue. Subsequent to September 30, 2026, the price of Bitcoin has remained volatile and was approximately US$59,600 as at the date of this MD&A. Lower Bitcoin prices reduce the Company's mining revenue and margins and may result in further down-clocking of the mining fleet.

The Company also experienced load shedding and downtime. 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. During the nine months ended September 30, 2026, the Company incurred 220 hours of downtime for load shedding and operational shutdowns, all in the first quarter, compared with 268 hours in the same period of 2025. No load shedding was required during the second or third quarters of 2026, and the Company did not experience material downtime from maintenance or equipment outages during those quarters.

Other revenue for the three and nine months ended September 30, 2026 was $5,280 and $15,840 compared to $5,280 and $15,840 during the same periods in 2025. During 2026 and 2025, other revenue consisted of management revenues to one customer.

The cost of operations for the three months ended September 30, 2026, was $1,382,362, compared to $2,963,300 for the three months ended September 30, 2025. The cost of operations for the nine months ended September 30, 2026, was $4,926,042, compared to $8,754,695 for the nine months ended September 30, 2025. These costs directly relate to the costs incurred for earning Bitcoin and include site operating costs (such as electricity, insurance and regular maintenance costs), 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 following the down-clocking of a portion of the mining fleet, and reduced repair and maintenance costs. Depreciation and amortization decreased to $1,104,783 for the nine months ended September 30, 2026 from $1,635,028 in the same period of 2025, primarily reflecting lower depreciation of miners following the impairment of mining equipment recognized in 2025.

Below is a breakdown of the cost of operations for the three and nine months ended September 30, 2026 and 2025:

	Three months ended		Nine months ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	$	$	$	$
Cost of operations				
Site operating costs	968,030	2,373,478	3,674,299	6,983,745
Salary and benefits	46,657	44,506	146,960	135,922
Depreciation and amortization	367,675	545,316	1,104,783	1,635,028
	1,382,362	2,963,300	4,926,042	8,754,695

SATO recorded gains of $181,020 and $32,032 on the use of digital assets for the three and nine months ended September 30, 2026, compared to gains of $185,979 and $532,260 for the three and nine months ended September 30, 2025. These gains arise on the disposal of Bitcoin, which during 2026 consisted of Bitcoin exchanged for cash and Bitcoin transferred to the lender as consideration under the loan settlement. For the nine months ended September 30, 2026, the Company recognized an unrealized revaluation loss of $110,433 on digital assets measured under the revaluation model. The entire loss was recognized in other

comprehensive income because it reduced a previously recognized revaluation surplus, and no amount was recognized in net income (loss).

For the nine months ended September 30, 2025, the Company recognized an unrealized revaluation gain of $44,950 on digital assets measured under the revaluation model, which was recognized in other comprehensive income.

Expenses

A summary of expenses for the three and nine months ended September 30, 2026 and 2025 is as follows:

	Three months ended		Nine months ended	
	September 30, 2026	**September 30, 2025**	**September 30, 2026**	**September 30, 2025**
	$	$	$	$
Share based payments	485,893	32,763	507,972	232,914
General and administration:				
Salaries, benefits and remuneration	341,610	341,459	743,939	1,081,110
Advertising, promotion, and investor relations	40,961	25,798	62,870	109,389
Directors' and officers' insurance	23,750	23,750	71,250	71,250
Professional fees	46,537	65,956	226,777	237,954
Legal fees	64,131	65,017	116,590	153,804
Regulatory cost	21,099	36,674	73,298	98,259
Software	44,119	26,528	112,208	94,639
Custodian fees	-	-	8,840	12,808
Other expense recovery	-	-	-	(93,719)
Other expenses	5,019	9,611	12,101	41,360
	1,073,119	627,556	1,935,845	2,039,768

Share-based compensation for the three and nine months ended September 30, 2026 includes $485,893 recognized on the repricing and extension of certain outstanding stock options, approved by the TSX Venture Exchange on July 9, 2026, which reduced their exercise price to $0.121 per share and extended their expiry dates to ten years from their respective original grant dates. The remaining expense represents the value of stock options granted during the year ended December 31, 2025 that vested during the period. Share-based compensation is a non-cash expense.

General and administrative expenses for the three and nine months ended September 30, 2026 were $587,226 and $1,427,873, compared with $594,793 and $1,806,854 in the same periods of 2025. The decrease was primarily driven by lower salaries, benefits and remuneration, which decreased to $743,939 for the nine months ended September 30, 2026 from $1,081,110 in the same period of 2025, as well as lower advertising, promotion and investor relations expenses and legal fees, partly offset by higher software costs and the absence in 2026 of the other expense recovery of $93,719 recognized in 2025. Salaries, benefits and remuneration decreased in 2026 primarily as a result of cost-reduction measures, including lower use of external personnel.

Other charges/income

	Three months ended		Nine months ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	$	$	$	$
Foreign exchange loss	22,638	(1,416)	38,398	8,754
Unrealized foreign exchange loss (gain)	(11,858)	62,543	12,221	431,852
Gain on debt modification	(30,449)	-	(245,379)	-
Finance expense	119,980	163,286	417,026	557,790
Gain on loan settlement	(1,986,285)	-	(1,986,285)	-
Write-off of payables	(17,354)	-	(17,354)	-
	(1,903,328)	224,413	(1,781,373)	998,396

On August 24, 2026, the Company completed the settlement of its loan facilities with Sygnum. Under the settlement, the lender retained approximately 6.69 Bitcoin having a fair value of $734,627 and the Company paid cash consideration of $259,463 (CHF150,000). Based on the carrying amount of the liabilities extinguished, the Company recognized a gain on loan settlement of $1,986,285 during the three months ended September 30, 2026. The gain on debt modification of $245,379 for the nine months ended September 30, 2026 relates to the forbearance agreement entered into with the lender effective April 8, 2026, which was accounted for as a modification of the existing liability. Of this amount, $214,930 was recognized in the six months ended June 30, 2026 and $30,449 was recognized in the three months ended September 30, 2026. During the three months ended September 30, 2026, the Company also wrote off accounts payable of $17,354. Finance expense decreased to $417,026 for the nine months ended September 30, 2026 from $557,790 in the same period of 2025, primarily due to lower interest on the long-term loan ($186,480 compared with $349,258), partly offset by interest and accretion of $40,262 on the convertible debentures issued in March 2026.

For the nine months ended September 30, 2026, the Company incurred a net loss of $1,471,608, compared with a net loss of $1,936,320 for the same period of 2025. Although the net loss decreased by $464,712, the Company's operating loss increased to $3,252,981 from $937,924, primarily because of lower Bitcoin production and revenue and a gross loss of $1,349,168, compared with gross profit of $569,584 in 2025. The deterioration in operating results was more than offset by the $1,986,285 gain on loan settlement, the $245,379 gain on debt modification and lower foreign-exchange losses.

The Company generated net income of $718,220 for the three months ended September 30, 2026, compared with a net loss of $284,424 for the same period of 2025. The improvement resulted primarily from the $1,986,285 gain on loan settlement, partly offset by an operating loss of $1,185,108, compared with an operating loss of $60,011 in the comparative quarter. The Company had a comprehensive loss of $1,582,041 for the nine months ended September 30, 2026, compared to a comprehensive loss of $1,891,370 for the nine months ended September 30, 2025.

Selected Quarterly Information (in accordance with IFRS)

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

	September 30, 2026	June 30, 2026	March 31, 2026	December 31, 2025
	$	$	$	$
Total revenues	1,089,353	1,135,976	1,351,545	2,340,316
Gross profit (loss)	(293,009)	(490,713)	(565,446)	(380,491)
Total operating expenses	1,073,119	460,236	402,490	731,207
Net income (loss)	718,220	(922,517)	(1,267,311)	(2,436,921)

	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
	$	$	$	$
Total revenues	3,344,866	3,019,539	2,959,874	3,294,313
Gross profit (loss)	381,566	(110,379)	298,397	(35,973)
Total operating expenses	627,556	642,751	769,461	997,578
Net loss	(284,424)	(766,454)	(885,442)	(94,740)

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. Net income for the three months ended September 30, 2026 reflects the non-recurring gain on loan settlement of $1,986,285.

Liquidity and Capital Resources

As at September 30, 2026, SATO had working capital of $291,164, compared to a working capital deficiency of $2,491,270 as at December 31, 2025. The improvement primarily reflects the settlement of the Company's senior secured loan facilities, which were presented as current borrowings of $3,061,409 at December 31, 2025, and the proceeds of the private placements completed during the period. Working capital is a supplementary financial measure. Refer to the "Non-IFRS Performance Measures" section of this MD&A for its composition and additional information.

Net cash used in operating activities during the nine months ended September 30, 2026 was $4,565,074. Cash provided by investing activities was $3,343,952, primarily from the disposal of digital assets, while cash provided by financing activities was $2,197,679, primarily from the private placements and issuance of convertible debentures completed during the period, net of the cash consideration of $259,463 paid on settlement of the long-term loan and lease payments of $310,283. The effect of foreign exchange on cash held in foreign currencies was a decrease of $38,398.

As at September 30, 2026, SATO had cash of $1,061,836 (December 31, 2025 – $123,677), digital assets of $223,352 (December 31, 2025 – $37,435) and no restricted digital assets (December 31, 2025 – $792,392).

On August 24, 2026, the Company completed the Settlement and Release Agreement. Following completion of these obligations, the Company and its subsidiary received a full release from their obligations relating to the loan facilities.

During the nine months ended September 30, 2026, the Company completed private placements for aggregate gross proceeds of approximately $2.9 million, consisting of (i) a non-brokered private placement that closed in tranches in March 2026 for gross proceeds of $1,375,174, comprising 16,238,025 units for gross proceeds of $1,035,174 and convertible debenture units for gross proceeds of $340,000 issued to the Chief Executive

Officer, and (ii) a private placement of 14,988,540 units at $0.10 per unit that closed on September 3, 2026 for gross proceeds of $1,498,854.

The settlement eliminated the future principal and interest payment requirements associated with the senior secured loan. Management believes that the settlement represents a significant improvement to the Company's capital structure and future cash-flow flexibility by removing a substantial debt-service burden and allowing a greater portion of future available resources to be directed toward operations and strategic initiatives.

The Company has also temporarily down-clocked up to approximately 50% of its mining fleet to reduce power consumption and operating costs. Although this measure reduces hashrate and Bitcoin production, it is intended to improve the profitability and cash contribution of the Company's remaining mining operations under current market conditions.

The Company will require additional financing to fund its planned activities and commitments over the next twelve months. Management has taken steps to reduce cash requirements, including the deferral of certain compensation and professional fees, the sale of older-generation miners and the staging of AI and HPC development expenditures against customer commitments and financing. The Company will need to obtain additional financing or secure additional customer agreements in the first quarter of 2027 to fund its operations and planned development.

Notwithstanding the completed loan settlement, the Company's ability to continue as a going concern remains dependent upon generating sufficient cash flows from operations, managing operating expenses and working capital requirements, completing additional financings and obtaining further capital when required. The Company's AI and HPC strategy will require additional financing, customer commitments, infrastructure investment and successful execution of definitive commercial arrangements. There can be no assurance that the Company will obtain the required financing or complete any commercial transaction on acceptable terms or at all.

Accordingly, the conditions disclosed in the financial statements continue to indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Company will continue to assess its liquidity, financing opportunities, operating performance and strategic initiatives as part of its going-concern evaluation for at least 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 Power 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 condensed interim consolidated statement of operations and comprehensive income (loss) and condensed interim consolidated statement of cash flows included in the condensed interim consolidated financial statements for the three and nine months ended September 30, 2026 and 2025.

Working Capital

Working capital is a supplementary financial measure calculated as current assets less current liabilities. Management uses working capital to assess the Company's short-term liquidity and its ability to satisfy obligations as they become due. Working capital does not have a standardized meaning prescribed by IFRS Accounting Standards and may not be comparable to similarly titled measures presented by other issuers.

The calculation of working capital is as follows:

	September 30, 2026	December 31, 2025
Current assets	$1,438,495	$1,621,589
Current liabilities	(1,147,331)	(4,112,859)
Working capital (deficiency)	**$291,164**	**$(2,491,270)**

Compute Power Profit

Compute Power profit represents gross profit (revenue earned from mining-pool operators less cost of revenue), excluding (i) depreciation, and (ii) 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		Nine months ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	$	$	$	$
Gross profit (loss)	(293,009)	381,566	(1,349,168)	569,584
Add (deduct)				
Other	(5,280)	(5,280)	(15,840)	(15,840)
Depreciation and amortization	367,675	545,316	1,104,783	1,635,028
Compute Power Profit (loss)	69,386	921,602	(260,225)	2,188,772

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure calculated as net income or loss before finance expense, income taxes, depreciation and amortization and adjusted for specified items that management believes do not reflect the underlying operating performance of the Company, including share-based payments, gains on debt modification and settlement, gains or losses on the use of digital assets, unrealized foreign-exchange gains or losses and write-offs of payables. Some of these items may recur in future periods. 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		Nine months ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
	$	$	$	$
Net income (loss) for the period	718,220	(284,424)	(1,471,608)	(1,936,320)
Add (deduct)				
Finance expense	119,980	163,286	417,026	557,790
Depreciation and amortization	367,675	545,316	1,104,783	1,635,028
EBITDA	1,205,875	424,178	50,201	256,498
Share based payments	485,893	32,763	507,972	232,914
Gain on debt modification	(30,449)	-	(245,379)	-
Loss (gain) on use of digital assets	(181,020)	(185,979)	(32,032)	(532,260)
Unrealized gain on revaluation of digital assets	-	-	-	-
Unrealized foreign exchange loss (gain)	(11,858)	62,543	12,221	431,852
Gain on loan settlement	(1,986,285)	-	(1,986,285)	-
Write-off of payables	(17,354)	-	(17,354)	-
Adjusted EBITDA	(535,198)	333,505	(1,710,656)	389,004

Related Party Transactions

Key management comprises the directors and officers of the Company. Compensation paid or accrued to key management or companies controlled by key management personnel during the nine months ended September 30, 2026 and 2025 are as follows:

	September 30, 2026	September 30, 2025
	$	$
Salaries, benefits and remuneration	637,324	617,524
Stock based compensation	351,392	119,070
	988,716	736,594

As at September 30, 2026, a balance of $237,146 ($170,928 as at December 31, 2025) was due to related parties and included in accounts payable and accrued liabilities.

During the nine months ended September 30, 2026, the Company issued Debenture Units for gross proceeds of $340,000 to the Chief Executive Officer of the Company. Each Debenture Unit consists of a $1,000 principal amount unsecured convertible debenture (the "Debentures") and detachable warrants. The Debentures bear interest at 15% per annum, payable quarterly in cash or, at the option of the holder and subject to regulatory approval, in common shares. The Debentures mature in March 2029 and are convertible into Common Shares at $0.085 per share during the first year and $0.10 per share thereafter. During the nine months ended September 30, 2026, the Company paid interest of $25,500 on the Debentures.

Stock-based compensation to key management for the nine months ended September 30, 2026 includes amounts recognized on the repricing and extension of stock options held by directors and officers, approved by the TSX Venture Exchange on July 9, 2026.

During the year ended December 31, 2025, the Company granted 1,071,424 stock options to directors and officers. Those options were 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 carrying amounts of cash and accounts payable and accrued liabilities that meet the definition of financial instruments approximate their fair values because of their short-term maturities. The convertible debentures are measured at amortized cost, and their fair value as at September 30, 2026 is classified within Level 3 of the fair value hierarchy. Digital assets are measured at fair value using the quoted price on Coinbase Prime (Level 1).

Credit Risk

The Company's principal exposure to credit risk arises from cash held with financial institutions. The Company limits its exposure to credit loss by placing its cash with institutions that management considers creditworthy. Sales taxes receivable are statutory receivables and are not financial assets within the scope of IFRS 9.

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, 2026, 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	884,294	884,294	884,294	-	-	-
Convertible debenture	271,813	467,500	51,000	51,000	365,500	-
	1,156,107	**1,351,794**	**935,294**	**51,000**	**365,500**	**-**

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.

The table below indicates the foreign currencies to which the Company has significant exposure in Canadian dollar terms:

	September 30, 2026	December 31, 2025
	$	$
Cash - $US	462,076	3,308
Cash - $CHF	(2,933)	(2,760)
Restricted cash - $CHF	-	-
Digital assets - $US	223,352	829,827
Accounts payable and accrued liabilities - $US	28,877	36,142
Long term loan - $CHF	-	3,041,001
Line of credit - $US	-	20,408

Based on the net U.S. dollar exposure as at September 30, 2026 a 10% increase in the Canadian/U.S. dollar exchange rate would have had a favorable impact of $65,655 on net income ($77,658 for the year ended December 31, 2025). A 10% decrease in the Canadian/U.S. dollar exchange rate would have had an impact of a similar magnitude but in opposite directions on net income.

Based on the net CHF exposure as at September 30, 2026, a 10% increase in the Canadian/CHF exchange rate would have had an unfavorable impact of $293 on net income (favorable impact of $303,824 for the year ended December 31, 2025). A 10% decrease in the Canadian/CHF exchange rate would have had an impact of a similar magnitude but in opposite directions on net income.

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 digital-asset holdings 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. As at September 30, 2026, the Company's digital-asset holdings consisted solely of Bitcoin and Ether. At September 30, 2026, a 10% increase or decrease in the market price of the Company's digital assets, with all other variables held constant, would have increased or decreased their value by $22,335 ($82,983 at December 31, 2025).

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.

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.

Convertible debentures

Significant judgment is required in accounting for the Company's convertible notes. Significant judgement is required in determining the fair value and allocation of convertible debentures to the liability and equity components. Management relies on a number of estimates and assumptions, including the effective interest rate, volatility, maturity duration and any conversion rights and terms, in determining the fair value and allocation of convertible debentures to the liability and equity components.

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of shareholders' equity of $5,728,820, comprising issued share capital and reserves, and convertible debentures with a carrying amount of $271,813. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2025.

Share Capital

As at September 30, 2026, the Company had 105,289,325 Common Shares, 5,845,507 stock options and 29,006,392 warrants issued and outstanding. As of the date of this MD&A, the Company has issued and outstanding share capital consisting of 105,289,325 Common Shares, 5,845,507 stock options and 29,006,392 warrants. No remaining securities are under escrow.

Subsequent Events

Subsequent to September 30, 2026: (i) on October 21, 2026, the Company into its first AI hosting agreement, as described under "Highlights"; (ii) the Company sold approximately 150 older-generation miners; and (iii) the Company entered into a 60-month equipment lease for backup generation equipment at Center One, with an amount financed of approximately $208,000.

Risk Factors

The Company's business is subject to the risk factors described in its annual information form dated August 25, 2025 and in its annual MD&A for the year ended December 31, 2025, each available on SEDAR+. Since the date of that annual information form, the Company has increased its focus on developing AI and HPC infrastructure and has changed its principal digital-asset custody arrangements. These developments expose the Company to additional execution, financing, customer concentration, construction, power, regulatory, cybersecurity and custody risks described under "AI and HPC Data Centre Development Strategy," "Key Development and Operating Risks" and "Custody of Digital Assets." 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 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.