



Management's Discussion and Analysis

For the three and nine months ended June 30, 2024

(Expressed in United States Dollars)

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## **Introduction**

This Management's Discussion and Analysis ("MD&A") is dated August 27, 2024, and consolidates management's review of the factors that affected Realbotix Corp.'s ("Realbotix" or the "Company") financial and operating performance for the three and nine months ended June 30, 2024, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's financial statements for the three and nine months ended June 30, 2024 ("Interim Financial Statements") and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP"). This MD&A should also be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2023, the annual MD&A for the year ended September 30, 2023, and the annual information form ("AIF") dated January 31, 2024, which can be found on the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedarplus.ca](http://www.sedarplus.ca).

Unless otherwise stated, results are reported in United States dollars, unless otherwise noted. The Company applies International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results presented in the MD&A are not necessarily indicative of the results that may be expected for any future period.

This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented are not necessarily indicative of the results that may be expected for any future period.

## **FORWARD-LOOKING STATEMENTS**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. For a complete list of the factors that could affect the Company, please make reference to those risk factors referenced in the Company's annual information form dated January 31, 2024, a copy of which is available electronically on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company's ability to meet its working capital needs at the current level for the next twelve-month period; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly, or otherwise revise, any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

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## Overview

Realbotix creates customizable, full-bodied, human-like figures and robots with AI integration that improve the human experience through learning, connection and play. Manufactured in Nevada, USA, Realbotix has built a reputation for having the highest quality humanoid robots and the most realistic silicone skin technology on the market. Our target addressable markets are massive, most of them in the tens or hundreds of billions USD.

Our mission is to create robots and AI that are indistinguishable from humans in appearance and social interaction. Realbotix replicates the physical and emotional aspects of being human in hardware and software. Our robots can act as the hardware interface for our AI or any third party AI. This versatility makes our robots and their personalities customizable and programmable to suit a wide variety of use cases.

Realbotix can replicate a historical figure or a celebrity or bring to life our client's vision for a humanoid robot. Our clients choose what robot they want and customize the details and aesthetics of the robot's appearance and personality. We achieve this through patented technologies that deliver a human-like appearance and movement.

Realbotix also owns 15.3% of StoryFire Inc., a private social media company, and several crypto-related domain names.

On April 18th, 2024, the Company acquired Simulacra Corporation, a Nevada-based company. On July 9th, 2024, at the Company's Annual General & Special Meeting, a corporate name change to Realbotix Corp. was approved by shareholders, along with other rebranding initiative as stated below:

- i. Change of the Company's name to Realbotix Corp. The entire business, including that of Simulacra and previously Tokens.com, is now operated under "Realbotix"
- ii. Changes of the Company's ticker symbol to XBOT on the TSX-V and XBOTF on the OTC
- iii. Addition of Matthew McMullen and Sue Ennis to the Board of Directors
- iv. Launch of a new corporate website at [www.realbotix.ai](http://www.realbotix.ai)

Realbotix issued 75 million common shares to Simulacra shareholders in consideration for the acquisition. This equates to approximately 38% of outstanding common shares of Realbotix. The common shares issued to Simulacra shareholders will be escrowed for 12 months and then gradually released between months 12 to 24 following the closing date. Realbotix also granted an aggregate of 7,500,000 stock options in exchange for the cancellation of 567,101 stock options of Simulacra. The Realbotix stock options were granted at an exercise price of \$0.15 per stock option and will expire on the 10th anniversary of the closing date of the Transaction.

In addition, Simulacra shareholders will have the opportunity to earn an additional 10 million Realbotix shares if they achieve revenue targets of \$8 million within any 12 month period during the first 24 months following the completion of the Transaction and an additional 10 million Realbotix shares if they achieve revenues of \$10 million with any 12 month period between months 24 and 48 following the closing date. Each of Simulacra and its shareholders are arm's length parties to the Company. No broker, agent or finder's fee is payable in connection with the Transaction.

Going forward, the Company's main operating business will be the development of relationship-based AI and the sales of custom built realistic humanoid robots. Realbotix will also continue to manage its inventory of cryptocurrencies, with the eventual goal of disposing of all its digital assets within the next 12 months.

On July 10, 2024, the Company entered into a strategic partnership with Star Walk Partners LLC ("Star Walk") by acquiring a minority, non-controlling interest in Star Walk. Star Walk will assist Realbotix with its product marketing and sales efforts, including expansion into new verticals.

As consideration for the acquisition, Realbotix issued to Star Walk an aggregate of 25 million warrants (the "Warrants") to purchase common shares in the capital of the Company, such Warrants exercisable at six-month intervals in seven tranches over a period of five years with an exercise price of: (a) US\$0.15 per Common Share

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on the issuance of the first 7,500,000 Warrants, and (b) US\$0.20 per Common Share on the issuance of the balance of the Warrants. Each tranche of the Warrants will be exercisable for a 24-month window from the date of their issue, subject to the exercise prices noted above.

**Humanoid Robotics Market**

The robotics sector is estimated to exceed \$24 trillion in revenue annually, according to ARK Investment management. Goldman Sachs predicts the humanoid robot market is anticipated to be USD \$13.8 billion by 2028 and US \$38 billion by 2035. The growing use of technology in education is fueling the deployment of humanoid robots in schools and driving the market's growth for the education and entertainment application segment. By blending entertainment and functionality, humanoid robots are revolutionizing how we interact and engage with technology in various sectors.

**Artificial Intelligence Market**

According to MarketsandMarkets, the global AI market was valued at \$150.2 billion in 2023 and is expected to grow at a CAGR of 36.8% from 2023 to 2030. Conversational AI and digital avatars both represent an important segment of this broader AI market and Precedence Research estimates that the conversational AI market size alone could reach \$86.4 billion by 2032. AI is revolutionizing multiple industries, emerging as a key driver for the advancement of technologies such as big data analytics, robotics and the Internet of Things. The rise of AI tools highlight the sector's mainstream appeal. With its current trajectory, the AI industry is poised to be a powerful tool for technological innovation, propelling advancements in the near future.

## **PART I – COMPANY AND HIGHLIGHTS**

### **THE COMPANY**

Realbotix creates customizable, full-bodied, human-like figures and robots with AI integration that improve the human experience through learning, connection and play. Manufactured in Nevada, USA, Realbotix has built a reputation for having the highest quality humanoid robots and the most realistic silicone skin technology on the market. Our target addressable markets are massive, most of them in the tens or hundreds of billions USD.

Our mission is to create robots and AI that are indistinguishable from humans in appearance and social interaction. Realbotix replicates the physical and emotional aspects of being human in hardware and software. Our robots act as the hardware interface for our AI or any 3rd party AI. This versatility makes our robots and their personalities customizable and programmable to suit a wide variety of use cases.

Our robots not only look human, but our custom AI can learn and remember your previous interactions, building genuine connections with its audiences. Our patented modular robots are built to coexist with humans in various social environments.

Realbotix can replicate a historical figure, a celebrity or bring to life our client's vision for a humanoid robot. Our clients choose what robot they want and customize the details and aesthetics of the robot's appearance and personality. We achieve this through patented technologies that deliver human-like appearance and movements.

### **Digital Asset Inventory**

The Company's current inventory is shown below as of the date of this MD&A:

Key Tokens Held	Owned	Held by Genesis
Ethereum	3,047	151
Polkadot	87,209	nil
Solana	55	18,001

On August 2, 2024, the Company received 189 Ethereum from Genesis as part of Genesis's restructuring process. This was part of the first stage of Genesis' post-restructuring distribution. Part of the next stage of distribution will include recovering up to 30% of the Solana held by Genesis which would represent a recovery of approximately 5,400 SOL. These are only parts of the initial stages of distribution, and creditors will be entitled to additional recoveries depending on the outcome of ongoing claims. However, no specific details of expected quantities have been provided at this time.

The Company stakes a portion of its Ethereum holdings. As of June 30, 2024, 2,624 Ethereum are being staked with an approximate yield of 3.18% and require a lock-up period between 3 to 7 days before unstaking.

### **Other Assets**

Realbotix also owns 15.3% of StoryFire, a social media platform, and a collection of crypto related domain names, including Tokens.com which is currently listed for sale.

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**FINANCIAL SUMMARY AND OPERATIONAL HIGHLIGHTS**

<i>For the periods ended June 30</i>	Three months ended		Nine months ended	
	2024	2023	2024	2023
Product sale <sup>(i)</sup>	\$ 238,896	\$ -	\$ 238,896	\$ -
Staking revenue <sup>(ii)</sup>	73,664	97,565	525,307	181,963
Consulting revenue	-	26,663	53,646	357,988
Other revenue	-	4,500	-	43,842
	<b>\$ 312,560</b>	<b>\$ 128,728</b>	<b>\$ 817,849</b>	<b>\$ 583,793</b>
Operating expenses	\$ (1,543,357)	\$ (1,193,293)	\$ (2,879,503)	\$ (2,971,662)
Gain (loss) on disposal of digital assets - cryptocurrency	\$ (262,260)	\$ -	\$ (168,649)	\$ (90,552)
Gain (loss) on revaluation of digital assets - cryptocurrency	\$ (1,053,437)	\$ 82,699	\$ 5,550,849	\$ 1,467,636
Net income (loss) attributable to Realbotix	\$ (2,502,819)	\$ (692,444)	\$ 3,447,753	\$ (477,682)
Total comprehensive income (loss) attributable to Realbotix	\$ (2,502,819)	\$ (692,444)	\$ 3,447,753	\$ (477,682)
<b>Earnings per share</b>				
Basic and diluted	\$ (0.01)	\$ (0.01)	\$ 0.02	\$ (0.00)

- The Company completed the acquisition of Simulacra on April 18, 2024. The purchase price consideration was satisfied by the issuance of 75 million Realbotix common shares, 7.5 million Realbotix stock options, and potential earn-out considerations.
- Total revenue for the three and nine months ended June 30, 2024 of \$312k and \$818k, compared to the three and six months ended June 30, 2023 (“Q3-2023”) of \$129k and \$584k, respectively:
  - Acquisition of Simulacra brought in \$239k of new revenue stream.
- Operating expenses for the three months ended June 30, 2024 of \$1.5 million, versus operating expenses for the three months ended June 30, 2023, of \$1.2 million:
  - The increase in expenses was due to additional overheads from Simulacra, including new staff trained to clear order backlog and get ready for future workloads.
  - One-time legal and other professional fees with regards to the Simulacra acquisition.
- Operating expenses for the nine months ended June 30, 2024 of \$2.9 million, versus operating expenses for the nine months ended June 30, 2023, of \$3.0 million:
  - Difference was due to additional overheads this year from acquiring Simulacra, versus high operating expenses from legacy subsidiaries Metaverse Group and Hulk Labs.
- Digital assets activities include:
  - Non-cash revaluation loss of \$1.1 million for the three months ended June 30, 2024.
  - Non-cash revaluation gain of \$5.6 million for the nine months ended June 30, 2024.
  - The Company disposed of some of its DOT tokens during the three months ended June 30, 2024, and recorded a realized loss of \$262k. For the nine months ended June 30, 2024, total realized loss was \$169k.
- Net loss and comprehensive loss of \$2.5 million during the three months ended June 30, 2024, attributable to owners of Realbotix.
  - The loss is attributed to the non-cash revaluation of digital assets during the quarter, as well as one-time expenses in connection with the Simulacra acquisition.
- Net income and comprehensive income of \$3.4 million for the nine months ended June 30, 2024, attributable to owners of Realbotix, due to the price appreciation of certain digital assets.
- On August 2<sup>nd</sup>, 2024, the Company received 189 Ethereum from Genesis as part of Genesis's restructuring process.

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**PART II – KEY FINANCIAL RESULTS**

**Revenue**

<i>For the periods ended June 30</i>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Product sale <sup>(i)</sup>	\$ 238,896	\$ -	\$ 238,896	\$ -
Staking revenue <sup>(ii)</sup>	73,664	97,565	525,307	181,963
Consulting revenue	-	26,663	53,646	357,988
Other revenue	-	4,500	-	43,842
	<b>\$ 312,560</b>	<b>\$ 128,728</b>	<b>\$ 817,849</b>	<b>\$ 583,793</b>

- (i) Revenue earned from product sales.  
(ii) Rewards received from staking digital assets.

**Operating expenses**

A breakdown of the operating expenses is as follows:

<i>For the periods ended June 30</i>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Cost of revenue	\$ 168,997	\$ 35,052	\$ 190,927	\$ 189,304
Management fees and salaries	338,140	130,368	549,944	356,404
General and administrative	480,725	269,020	698,231	626,552
Professional fees <sup>(i)</sup>	322,337	586,346	1,120,651	1,368,213
Investor relations <sup>(ii)</sup>	21,799	95,048	84,355	178,526
Regulatory	66,646	14,682	84,472	49,903
Share-based payments <sup>(iii)</sup>	144,713	62,777	150,923	202,760
<b>Total operating expenses</b>	<b>\$ 1,543,357</b>	<b>\$ 1,193,293</b>	<b>\$ 2,879,503</b>	<b>\$ 2,971,662</b>

- (i) Primarily consisted of corporate legal and audit fees, and other business consulting.  
(ii) Pertaining to outsourced investor and public relations fees. At no time, any of these expenses are related to the promotion or distribution of crypto or NFT assets.  
(iii) Value of options and DSUs that vested during the period.

Other items included in net income before income taxes are:

<i>For the periods ended June 30</i>	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Gain (loss) on disposal of digital assets <sup>(i)</sup>	\$ (262,260)	\$ -	\$ (168,649)	\$ (90,552)
Gain on revaluation of digital assets - cryptocurrency <sup>(ii)</sup>	(1,053,437)	82,699	5,550,849	1,467,636
Net interest income	(25,295)	-	5,461	15,283
Gain (loss) on revaluation of warrant liability <sup>(iii)</sup>	4,841	39,153	50,699	(2,603)
Foreign exchange gain (loss)	(6,395)	41,096	(12,163)	89,348
Gain on revaluation of contingency consideration	-	-	-	29,964

- (i) Represents the loss of exchanging digital assets hold as treasury either for cash or for other digital assets.  
(ii) Gain or loss on revaluation of digital assets – cryptocurrency revalued at period end.  
(iii) Certain warrants of the Company meet the criteria for classification as a financial liability and are re-measured at fair value at each reporting period.

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**Selected Quarterly Information**

The following table summarizes the Company's quarterly financial information.

Quarter Ended	Revenues (\$)	Net Income (Loss) attributable to owners of Realbotix	
		Total (\$)	Basic and Diluted Income (Loss) Per Share (\$)
June 30, 2024	312,560	(2,502,819)	(0.01)
March 31, 2024	286,415	3,831,152	0.03
December 31, 2023	218,874	2,119,420	0.02
September 30, 2023	156,603	(9,252,772)	(0.08)
June 30, 2023	128,728	(692,444)	(0.01)
March 31, 2023	303,217	1,863,351	0.02
December 31, 2022	151,848	(1,648,589)	(0.02)
September 30, 2022	101,235	(150,689)	(0.00)

## **PART III – FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES**

### **Liquidity and Capital Resources**

As at June 30, 2024, the Company had a negative working capital balance of \$1.2 million (September 30, 2023 – positive balance of \$2.8 million), and shareholders' equity, attributable to the owners of the Company, of \$18.8 million (September 30, 2023 - \$8.9 million). The Company operates in a nascent industry for which long-term viability remains to be demonstrated. The ability of the Company to achieve profitable operations in this industry over the long-term is uncertain and depends on the establishment of Blockchain technology reaching wide-range adoption.

The following summarizes and explains our cash flow activities:

<i>For the nine months ended June 30</i>		<b>2024</b>
Net cash used in:		
Operating activities	\$	(1,840,817)
Investing activities		-
Financing activities		(51,982)
Decrease in cash	\$	(1,892,799)

The Company's use of cash at present occurs, and in the future is expected to occur, principally in two areas: the funding of its general and administrative expenditures, and as a deployment of capital to acquire digital assets for the purposes of earning a staking revenue. In connection with the Company's operating and investment activities, when required, the Company will seek to raise capital primarily through the issuance of equity securities. The Company has incurred significant operating losses and negative cash flows from operations in recent years. Whether and when the Company can attain profitability and positive cash flows is uncertain. These events and conditions indicate that material uncertainties exist that may cast doubt upon the Company's ability to continue as a going concern.

### **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.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. Financial instruments which are potentially subject to credit risk for the Company consist of cash.

The Company has credit exposure relating to accounts receivable and other of \$nil (September 30, 2023 - \$88,971). The expected credit loss is not significant.

The carrying amount of financial assets represents the maximum credit exposure. The Company has credit exposure at June 30, 2024 relating to cash of \$1,597,835 (September 30, 2023 – \$3,490,634). All cash is held at Canadian and US chartered banks.

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Currency risk

The Company generates all revenue in United States dollars but expenses are incurred in both U.S. and Canadian dollars, exposing the Company to fluctuations in earnings from volatility in foreign currency rates. The fluctuation in foreign currencies in relation to the United States dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of equity. Management however concludes the exposure to currency risk is not material and the Company does not utilize any financial instruments or cash management policies to mitigate such currency risks. As at June 30, 2024, the Company held \$333,091 (September 30, 2023 - \$1,918,548) denominated in Canadian dollars. A 10% change in the foreign exchange rate would result in an impact of \$33,000 (September 30, 2023 - \$190,000) on the Company's operations.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly with respect to ensuring the sufficiency of funds for working capital and commitments. The Company monitors the maturity dates of existing accounts payable and accrued liabilities, loans payable, and commitments to mitigate this risk. The Company manages company-wide cash projections centrally and regularly updates projections for changes in business and fluctuations caused in digital currency prices and exchange rates. The Company's financial liabilities are comprised of loan payable, accounts payable and accrued liabilities. As at June 30, 2024, loan payable, accounts payable and accrued liabilities of \$3,242,841 (September 30, 2023 - \$893,267) are expected to mature within one year.

Fair Value Risk

Due to their short-term nature, the carrying value of cash, amounts receivable, and accounts payable approximate their fair value.

The Company is exposed to additional risks due to operating in the nascent digital asset industry, for which standards and regulations have not yet been broadly established. These risks include, but are not limited to:

Safeguarding of Digital Assets

The Company's policy is to retain custody of all of its digital assets, with the exception of digital assets held as collateral, which includes the safeguarding of private keys. The Company employs a combination of methods for doing so, including the self-custody of multi-signature wallets, and by working with a third party who provides the Company a secure medium to access its digital wallets and transact with reputable, exchanges on sales of its digital assets. The loss of access to the private keys associated with the Company's digital currency holdings may be irreversible and could adversely affect an investment. Digital currencies are controllable only by an individual that possesses both the unique public key and private key or keys relating to the "digital wallet" in which the digital currency is held. To the extent a private key is lost, destroyed or otherwise compromised and no backup is accessible the Company may be unable to access the digital currencies.

Staking of Digital Assets

The Company stakes certain digital assets in order to generate income. Staked digital assets remain in the Company's custody, however, are subject to un-bonding periods determined by the specific blockchain network before they can be de-staked and freely traded. Unbonding periods are typically not significant, however there is a risk that staked digital assets may not be immediately liquidated on demand. The performance on staked digital assets to generate returns is dependent on global supply and demand forces which influence pricing of those digital assets, the performance of specific validators the Company uses as partners, and the level of participation in staking activities from the broader market.

### **Executive compensation**

Executive's base compensation was discussed and determined prior to the start of employment with the executive officer. The Board's Compensation Committee looked at comparable from other companies within the same industry and stage of growth to decide upon the amount offered to the executive officer.

Annual incentive compensation is also discussed annually with the executive officer. Since the Company operates in a volatile industry, it is challenging for the Compensation Committee to put forward a fixed set of corporate objectives. However, the consensus communicated to the executive officer has been that it is always in the Company's best interest to preserve cash and reduce corporate overheads; and these base objectives form the basis for the Compensation Committee to decide upon the annual incentive payment to the executive officer.

### **Capital Management**

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to acquire more digital assets and fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any external capital requirements imposed by a regulator.

### **Outstanding securities as at August 27, 2024:**

Common shares	<b>195,955,592</b>
Dilutive securities:	
Warrants	34,777,289
Stock options	9,432,450
Deferred share units	1,902,540
Fully diluted shares	<b>242,067,871</b>

## **PART IV – MATERIAL INFORMATION**

### **Staked Tokens**

Realbotix seeks to stake tokens that are linked to the fast-growing DeFi and NFT sectors. The tokens staked are the programmable building blocks required by DeFi and NFT applications. Thus, as those sectors grow, the greater the requirement for third party stakers like Realbotix.

Realbotix secures its digital assets where possible using Fireblocks MPC (multi-party-computation) based custody technology. See a summary of our agreement with Fireblocks below.

### **Fireblocks Agreement**

The Fireblocks License Agreement was entered into in February 2022, between Realbotix and Fireblocks. Fireblocks agreed to provide custody technology software to Realbotix.

Fireblocks is an enterprise-grade platform delivering a secure infrastructure for moving, storing, and issuing digital assets. Fireblocks enables exchanges, lending desks, custodians, banks, trading desks, and hedge funds to securely scale digital asset operations through the Fireblocks Network and MPC-based Wallet Infrastructure.

Fireblocks has raised over \$1 billion dollars from investors including Sequoia Capital and BNY Mellon, has 1,300 institutional clients, and has securely transferred over \$3 trillion in digital assets.

Alongside its security evaluations and improvements, Fireblocks recently received certification in the categories of security (ISO 27001), cloud (ISO 27017), and privacy (ISO 27018) from the International Organization for Standards (ISO). This accreditation makes Fireblocks the only crypto tech company to achieve all three certifications, covering the main areas of concern for most traditional finance customers.

In accordance with the terms of the agreement, Fireblocks provides access to its secure mpc (multi-party-computation) based wallet which allows Realbotix to securely store assets, create a protocol that enables Realbotix team members to administer transactions (such as buying, selling, and transferring tokens) based on internally defined policies, and allows the Company to interact directly with other Fireblocks customers (exchanges, etc) using an internal network that is faster and cheaper than traditional blockchain-based transactions.

Although Realbotix's cryptocurrency assets are not stored in a physical sense, the transaction records included in the blockchain assign a location for each of Realbotix's cryptocurrency assets to the wallet established by Fireblocks. Private keys are segregated amongst multiple members of Realbotix' management team. Individual wallets within Realbotix's wallet digitally hold the cryptocurrency and permit Realbotix to transfer and/or sell upon a series of approvals based on Realbotix custom digital asset management policy.

As Realbotix has gained increasing comfort in the use of Fireblocks technology, it has terminated its previous agreement with Coinbase Custody.

### **Approval**

The Board of Directors of the Company has approved the disclosures contained in this MD&A.

## PART V – RISKS

### **Risks and Uncertainties**

The results of operations, business prospects and financial considerations of the Company remain subject to a number of risks and uncertainties and are affected by a number of factors outside of our control. For more information about our risks and uncertainties, please refer to the "Risks and Uncertainties" section of our MD&A for the year ended September 30, 2023, and the "Risk Factors" section of the AIF dated January 31, 2024. The risks and uncertainties remain substantially unchanged from those previously disclosed.

## PART VI – ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND INTERNAL CONTROLS

### **Critical Accounting Estimates and Accounting Policies**

The preparation of the consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and reported assets, liabilities, revenue and expenses, consistent with those described in the Company's annual financial statements and as described in these interim financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained. The future impact of uncertainties around the outbreak of the novel coronavirus ("COVID-19") pandemic could generate, in future reporting periods, a significant risk of material adjustment to the reported amounts of assets, liabilities, revenue and expenses in the interim financial statements. Examples of accounting estimates and judgments that may be impacted by the pandemic include: revenue recognition, impairment of goodwill and intangible assets.

The Company is in the business of digital currencies, many aspects of which are not specifically addressed by current IFRS guidance. IFRS does not currently provide specific guidance to address many aspects of the digital asset industry. The Company is required to make judgments as to the application of IFRS and the selection of its accounting policies. The Company has disclosed its presentation, recognition and derecognition, and measurement of digital currencies, and the recognition of revenue as well as significant assumptions and judgments, however, if specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company's earnings and financial position as presented.

For a full discussion of accounting policies, including new and revised standards issued by the IASB and estimates and judgments, refer to the audited consolidated financial statements for the year ended September 30, 2023.

### **Management's Report on Disclosure Controls and Procedures and Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the Company. The DC&P provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer of the Company. The ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

No changes were made in the Company's design of internal controls over financial reporting during the quarter ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

**Realbotix Corp.**  
**Management's Discussion and Analysis**  
**For the three and nine months ended June 30, 2024**

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We, including the Chief Executive Officer and Chief Financial Officer, have assessed the effectiveness of the Company's internal control over financial reporting in accordance with Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In connection with its financials for the year ended September 30, 2023, the Company's auditors identified five material weaknesses in internal controls. While the Company believes that it has sufficient personnel and review procedures to allow it to maintain an effective system of internal controls, there can be no assurance that it will always successfully detect misstatements or implement necessary improvements in a timely fashion. Further, if the Company fails to maintain an effective system of internal controls, it might not be able to report its financial results accurately or prevent misstatement; and in that case, its shareholders could lose confidence in its financial reporting, which could harm its business and negatively impact the value of its shares.

Due to inherent limitations in all control systems, a control system can provide only reasonable, not absolute, assurance that the objective of the control system is met and may not prevent or detect misstatements or instances of fraud. Management's estimates may be incorrect, or assumptions about future events may be incorrect, resulting in varying results. Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people or by Management override.