

Monster BYTE

Financial, Metric, and Product Report
Q1 2018

Table of Contents

1. Financial Statement
 - a. Commentary
 - b. Dividend Details
2. BitcoinRush.io KPIs
 - a. Commentary
3. MoneyPot Acquisition Update
4. Product Updates
 - a. B2B
 - b. B2C
5. What's Next?
6. Legal Compliance

Q1 2018 Financial Statement

(unaudited)

	As of January 1, 2018		As of April 1, 2018	
Income				
Sportsbook (in btc)	7.455		5.590	
Casino (in btc)	3.379		4.208	
Bit777 / Peerbet (in btc)	-1.850		0.369	
Peer to Peer Games (in btc)	0.150		0.000	
Syndication / Wholesale	\$0		\$0	
Intangibles (BCH Liquidation)	\$35000		0	
Bitcoin / USD Conversion	\$15,120		\$9,060	
Total Income (in US Dollars)		\$173,097		\$92,113
Expenses				
Accounting	\$0.00		\$0.00	
Advertising	\$7,240.00		\$8,419.00	
Depreciation	\$0.00		\$0.00	
Comps (Players)	\$60,480.00		\$14,250.00	
Interest	\$0.00		\$0.00	
Legal	\$5,000.00		\$2,225.00	
Salaries	\$20,000.00		\$20,000.00	
SEO	\$1,750.00		\$0.00	
Server / Hosting fees	\$2,860		\$2,675	
Token Buyback	\$25,099		\$0	
MoneyPot Development Costs	\$0		\$16,140	
Wages (Contractor)	\$11,683		\$5,539	
Total Expenses		\$134,112		\$71,248
Profit / (Loss)		\$38,986		\$22,865

Revenue and Expense Commentary

The year's first quarter represents a third consecutive reporting period of profitable revenue since the Monster Byte ICO.

However, the extenuating circumstances of a rapid decline in the cryptocurrency market – the longest sustained dip in its short history – and the shutting off of players from the US market have meant that overall growth and revenue across the crypto industry has taken a hit.

As Bitcoin shed more than 65% of its all-time high value from almost \$20,000 to lows that threatened to test floors of \$6,000 in February and March, users have been more cautious with their spending and holding on to their crypto, patiently awaiting a recovery that has yet to arrive.

With regulatory pressure barring US players from online gambling for cryptocurrencies, we have also been forced to deal with the loss of that market, but are working on licensing solutions that could potentially re-enable this channel later in the future.

Nevertheless, we have always recognized the ebb and flow of the market as a business constant and in such mitigating circumstances of the quarter, we decided to scale down some of our marketing for the short-term, cutting down on expenses to ensure we can continue paying out dividends to our supporters.

As such, we are pleased to have recorded yet another profitable quarter, with net profits in dollar value standing at \$22,865. Despite the dip of just over 30% against the previous quarter, we see this as further evidence of the resiliency of our business model even in adverse economic environments. It is also worth noting that we still managed to be profitable without distributing income from Bitcoin Cash (BCH) liquidation, conducted in our previous periods.

The online gambling industry has not escaped the follow-on effects of the current health of global cryptocurrency markets – with fewer gamblers keen on committing more crypto funds already suffering declining dollar values. This is partially reflected in this quarter's statistics, which saw deposits almost halve from the last quarter, down to 21.54 BTC from 39.858 BTC last quarter.

Our consumer-focused BitcoinRush.io products experienced mixed fortunes throughout the first quarter of 2018. Sportsbook income stood at 5.590 BTC, dropping about a quarter of last period's figures, but casino income rose by 24.5% from the previous quarter, bringing in an income 4.208 BTC.

Even with the slowdown in business-to-consumer (B2C) gaming, we are poised to continue growth with business-to-business (B2B) revenue, as well as MoneyPot (and the upcoming currency exchange) additions coming online by mid-year.

On that note, we are pleased to report further progress in our acquisition of MoneyPot in these three months, with coding updates already underway on their platform. This is reflected in financial commitments that now brings us closer to our desired focus on B2B development, including our planned exchange development which will sit on top of MoneyPot once the acquisition is completed.

We have also signed a new whitelabel deal with two up and coming cryptocurrency platforms; however, both platforms are not yet live and complete - so we will not publicly announce the names of such ventures until later in the Q2 timeframe. We are also pleased to announce that we are in discussions with additional potential consumers of our Whitelabel and Syndication products. This was all achieved with no marketing of our B2B products to date, so the future of this vertical is very bright.

We are encouraged to see that continued enhancements in the business and product segments have contributed to a positive growth even in the adverse crypto climate. We note with some satisfaction as well that the MBI token has in fact managed to hold on to

most of its value from the last period, even when compared to Bitcoin, albeit with a very thin and illiquid exchange on the Waves DEX.

In the next quarter, we hope to see even better results with our B2B efforts, as the first signs of our work on products like MoneyPot exchange integration, and syndication of our proprietary Casino and Sportsbook goes live with several clients.

Q1 2018 Dividend Information

Monster Byte will be issuing its third round of dividend issuance on April 30th, 2018 to distribute profits accrued during the reporting period of Q1 2018.

The dividend formula is as follows: Q1 2018 Net Profit / Total MonsterByte (MBI) tokens. That is, $\$22,865 / 40,000,000 = \0.000572 .

As has been the past practice, Q1 2018 dividends will be paid out in Bitcoin, at an amount equivalent to a fixed rate of USD \$0.000572 per MonsterByte (MBI) token owned, at the CoinDesk exchange rate on April 30th, 2018 at 06:00 UTC.

Dividends will only be distributed to tokens held in a corresponding Waves wallet. Therefore, token owners **must** hold their MBI tokens in their personal Waves wallet to receive dividends. If you have any tokens on an exchange or in a wallet you do not control, you should move them to a Waves wallet in which you would like to receive your Bitcoin-based dividends before April 30th, 2018 at 06:00 UTC

The entire exercise is expected to conclude after 24 hours, so please be patient and hold off any enquiries until the distribution is over.

Q1 2018 Key Performance Indicators

BitcoinRush.io

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
# of unique depositors (players)	146	106	174	188	154
# of deposits	367	274	388	385	430
Volume of Deposits (in btc)	137.39	31.28	51.66	39.858	21.54
Volume of Deposits (in USD)	\$149,618	\$94,403	\$216,972	\$597,870	\$195,152
# of casino bets	25559	27206	32457	39895	141413
# of unique casino players	108	110	197	217	280
Volume of Bets (in btc)	154.78	111.65	97.565	79.123	99.487
Volume of Bets (in USD)	\$168,555	\$336,960	\$410,749	\$1,186,845	\$901,352
# of sportsbook bets	2269	2954	3180	6221	4223
# of unique sportsbook players	150	155	216	435	194
Volume of Sportsbook Bets (in btc)	449.24	164.678	163.37	189.76	110.45
Volume of Sportsbook Bets (in USD)	\$489,222	\$496,998	\$687,788	\$2,846,400	\$1,000,677

Highlights

- 254% QoQ **increase** in the number of games played in our Provably Fair Casino
- 84% YoY **increase** in the number of active players that played in the Casino or Sportsbook
- 434% YoY **increase** in the volume of play in the Provably Fair Casino.
- 104% YoY **increase** in the volume of play in the Sportsbook.

Sportsbook players and volumes shrank by about half, which we can attribute to a winding down of national seasons in various sports such as soccer to make way for international competitions such as the upcoming World Cup in Russia. This only dented overall growth, however, as we almost doubled our YoY increase in active players on BitcoinRush.

The growth in casino play, however, was bolstered this period, attributed to the enhancements on casino games, both cosmetic and structural, that we successfully completed in this period. Our staple casino games of Blackjack, Baccarat, Hi-Lo and

Video Poker now benefit from a modern facelift, while retaining the best edges and provably fair features we're known for.

We saw more players placing much more bets at our casino games this period – over 140,000 games played, representing more than 350% increase from the last quarter, resulting in almost 100 BTC in volume, up 25% from the previous period.

MoneyPot Acquisition

The MoneyPot integration into our platform is well underway, with many under-the-cover changes built and deployed in Q1 which will help ensure MoneyPot functions as a scalable and sustainable platform well into the future.

These development initiatives included refactoring the platform to flexibly allow the addition of more cryptocurrencies and tokens, changes to allow users to directly deposit into MoneyPot-supported applications, and refactoring of the MoneyPot API which allows MoneyPot to once again support the very popular DiceBot application.

In Q2, we will continue to spend significant focus and capital on ensuring MoneyPot gets back to former levels in terms of popularity, trust and revenue targets experienced in 2016. This includes bringing back additional gaming platforms back onto MoneyPot such as BetterBets.io, CoinMillions.com and Sweepabit.com, as well as adding support for Ethereum, and Waves-based coins and tokens.

The Exchange

We plan to complete and launch the MoneyPot-based cryptocurrency exchange in Q2. This venture is a perfect complement to the gaming aspect of MoneyPot and its users and something we are extremely excited about.

From a business perspective, this represents an ideal opportunity for up-and-coming coins and tokens that are having difficulty getting onto large exchanges. Support on MoneyPot will provide coin and token founders, and their communities a place to leverage their unique digital assets across various MoneyPot-supported applications. The additional opportunity to be paired against Bitcoin and MBI tokens on the exchange is an excellent chance for undervalued coins to get wider attention and traction (*including MBI*).

Product Updates

As explained, enhancements on our flagship BitcoinRush.io Sportsbook and Casino are giving expected boosts in new players, despite the external factors of an absent US market and the crypto market downturn.

In February, we added support for yet another top-tier cryptocurrency focused on privacy and anonymity: PIVX (Private Instant Verified Transaction). With existing support for Aidos Kuneen (ADK), we are now the only major gambling portal to offer players the chance to play our casino games with two premier privacy coins.

While retaining Bitcoin as the first cryptocurrency accepted on our products, we believe that our choice of new coins supported provides an alternative for cheap and quick remittance for our players. More importantly, this also widens our user base by reaching out to unique crypto communities developing new and exciting blockchain and cryptocurrency technologies – ensuring diversity both technologically and geographically.

B2B Product Updates

In the first quarter of 2018, our development team was busy refactoring all our casino game software to ensure it's easy to plug it into new UIs and Skins to be leveraged across the board in our white-label solutions. As we have alluded to in this report, we anticipate going live with 2 brand new white-label clients leveraging the Monster Byte platform in Q2, and we are extremely excited about how things are turning out and look forward to sharing the details once live.

In addition to the Casino work, our development team was able to complete an extremely robust and easy-to-use set of Sportsbook APIs. We are currently authoring the documentation for this, but we can already say that we will be providing methods so easy and straightforward to use that we expect to onboard several consumers onto our risk-free Sportsbook platform by the end of the second quarter.

Main Methods

- (1) `getSports()`
- (2) `getLeagues()`
- (3) `getEvents()`
- (4) `placeBet()`
- (5) `getStatusOfBet()`

As well as additional helper methods on balance, limits, etc.

Right: Example response from `getEvents()`

```
"games ":[
  {
    "ID":838648698,
    "LeagueID":487,
    "MatchTime":"2018-04-15T19:35:00",
    "HomeTeam":"Cleveland Cavaliers",
    "AwayTeam":"Indiana Pacers",
    "MoneyLines":[
      {
        "ID":496454777,
        "Home":-350,
        "Away":305,
        "Period":"FullGame"
      }
    ],
    "Spreads":[
      {
        "ID":496454777,
        "Home":-109,
        "Away":-101,
        "Spread":-7,
        "Period":"FullGame"
      }
    ]
  }
]
```

What's Next?

Licensing

As we mentioned last quarter, our legal team has been exploring licensing options that will ensure we are operating within the legal framework (even though the laws for crypto gaming are still being written). We've done a lot of due-diligence the past quarter, and currently have options from both Curacao and Bulgaria on the table that we are currently vetting.

Additional Altcoin Support on BitcoinRush

With PIVX and ADK already supported, users can look forward to depositing and playing with even more major currencies, beginning with established coins like Litecoin and other emerging ones that meet our requirements.

Marketing

After completing our trials with independent SEO campaigns, we have now decided to take on a new SEO firm to design and kick off our online marketing campaign. While we certainly believe that our product enhancements and networking will bring in organic growth, we would also like to build a more significant online presence and hope to achieve this through patient content-building.

Additional Games on BitcoinRush and B2B

We have begin visual design for a variety of new provably fair games we plan to support on BitcoinRush, as well as our whitelabel solutions. Right now we are targeting a simple Provably Fair Slots game, but are considering other card games like Pai Gow Poker and 3-Card poker.

Legal Compliance

Monster Byte is a Panama based technology company which performed a fundraising event (ICO) in June of 2017. As part of that fundraising activity, Monster Byte strictly forbid US based users from participating via various technical means. Monster Byte tokens which were offered in the fundraising event will eventually be used as a token of exchange

(utility) in an upcoming Monster Byte developed cryptocurrency exchange. Proceeds from Monster Byte business operations will be used to buy back, and 'burn', all Monster Byte tokens in existence over time.

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