

# Monster BYTE

Financial, Metric, and Product Report  
Q2 2018

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## Q2 2018 Financial Statement

*(unaudited)*

	As of April 1, 2018		As of July 1, 2018	
<b>Income</b>				
MoneyPot	0.000		\$8,000.00	
Sportsbook (in btc)	5.590		2.642	
Casino (in btc)	4.208		4.686	
Bit777 / Peerbet (in btc)	0.369		0.210	
Peer to Peer Games (in btc)	0.000		0.000	
Syndication / Wholesale	\$0		\$0	
Intangibles (Token Buyback Redemption)	0		\$25,099	
Bitcoin / USD Conversion	\$9,060		\$7,555	
<b>Total Income (in US Dollars)</b>		<b>\$92,113</b>		<b>\$82,053</b>
<b>Expenses</b>				
Accounting	\$0.00		\$0.00	
Advertising	\$8,419.00		\$1,750.00	
Comps (Players)	\$14,250.00		\$5,671.47	
Depreciation	\$0.00		\$0.00	
Interest	\$0.00		\$0.00	
Legal	\$2,225.00		\$1,780.00	
MoneyPot Development Costs	\$18,140		\$14,702	
Salaries	\$20,000.00		\$20,000.00	
SEO	\$0.00		\$6,600.00	
Server / Hosting fees	\$2,675		\$2,911	
Wages (Contractor)	\$5,539		\$23,620	
<b>Total Expenses</b>		<b>\$71,248</b>		<b>\$77,034</b>
<b>Profit / (Loss)</b>		<b>\$20,865</b>		<b>\$5,018</b>

## Revenue and Expense Commentary

This marks the fourth consecutive quarterly reporting period - representing a full year of financial and narrative reporting for Monster Byte.

Although overall statistics show a decline in the rate of growth when compared against Q1 2018, this was largely expected as we have always known Q2 to be a slow period historically based on the seasonality of the major sports in action.

Compounding Q2 performance were the external circumstances we began experiencing in Q1 2018. Perhaps most significant was the continued decline of the cryptocurrency market as a whole. This quarter saw Bitcoin reach a new low for the year in June, while most other altcoins and tokens continue to post abject performance records.

Low transactional volumes across the Bitcoin network indicate that there is more cautious spending on Bitcoin, something likely to affect all crypto industries. The sustained psychological effect of bearish sentiments on Bitcoin have reflected in lower play and wager volumes. More importantly, this has had a knock-on effect on bottom line US dollar values, which our reporting is based on; total income for Q2 2018 dropped by just over 10% to \$ 82,053.

The positive takeaway from this, however, is that our B2C KPIs managed to show a slight improvement Year-on-Year (YoY), even with the absence of US players (due to regulatory prohibitions), who were part of our metrics in Q2 2017.

Although sportsbook income shed half of last quarter's numbers, our casino income sprang another surprise, stubbornly rising by over 10% to BTC 4.68 throughout adverse market conditions.

The bulk of Q4 expenditures reflected our focused efforts on developing MoneyPot/Nessie throughout the quarter as well as preparing our B2B Sportsbook and Casino API for several tenants which will begin use in Q3 after we acquire our B2B online gaming license.

We also shifted half of our marketing spend to SEO for BitcoinRush with the new SEO agency we talked about last quarter. This is explained by the lowered advertising expenses and SEO spend of \$6,600. SEO campaigning will take some time to deliver longer term results, so we expect to continue this expenditure over the next several quarters.

An additional revenue line for Q2 2018 is the token buyback redemption at just over \$25,000 – this was an expense recorded several quarters back when we bought back MBI tokens on the open market and is now returned as income to offset costs. This rebalancing option essentially ensures that we achieve a 4th consecutive period of positive income for Monster Byte.

Despite the seemingly gloomy outlook coming from all quarters of the crypto industry, we at Monster Byte have lots to be positive about when looking at what we've achieved already, and when viewing developments on the horizon, particularly with our long game on B2B expansion.

Several new lines of business and revenue will be coming online, starting with the official launch of Nessie in Q3 2018, while we wrap up the fine print on two new B2B partnerships.

## Q2 2018 Dividend Information

Monster Byte will be issuing its fourth round of dividend issuance on September 6th, 2018 to distribute profits accrued during the reporting period of Q2 2018.

The dividend formula is as follows: Q1 2018 Net Profit / Total MonsterByte (MBI) tokens. That is,  $\$5,018 / 40,000,000 = \$0.0001255$ .

As has been the past practice, Q2 2018 dividends will be paid out in Bitcoin, at an amount equivalent to a fixed rate of USD \$0.0001255 per MonsterByte (MBI) token owned, at the CoinDesk exchange rate on September 6th, 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 September 6th, 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.

## Liquidity / Exchange Commentary

This quarter we reached out to all token holders with a poll regarding switching Monster Byte from a Waves-based token over to an ERC20 token to gain access to an exchange with much better liquidity than the Waves DEX.

The results were **overwhelmingly** in favor of moving to an ERC 20 token; however, we thought it would be worthwhile to explain our reasoning in more detail within this report.

To date, we've distributed ~\$100,000 back to token holders and have completed nearly all of the development items we set out to do in our initial roadmap. We even went beyond our intended roadmap and acquired a competitor, and launched a new line of business with our own centralized exchange to help better promote our own token.

Unfortunately these facts aren't getting the necessary attention from the Waves marketing team nor the broader crypto community. We at Monster Byte share the responsibility and clearly need to do a better job at self-promotion, **and we will**, but it's a continual disappointment to see Waves principals and their staff promote similar projects that launched ICOs at the same time we have, raised 5x-10x what we raised, yet still don't even have a working product in production.

In addition, we are in full growth mode, and need a more liquid market which allows us to leverage our tokens in a fashion which allows for more rapid expansion and capital expenditures (*such as the acquisition of MoneyPot and payroll to support all the live products we have in production*).

We are not moving away from Waves yet, but will continue to pursue options which provides us all with better liquidity. Knowing that our community is in full-support of moving to an ERC20 token allows us greater flexibility.

# Q1 2018 Key Performance Indicators

BitcoinRush.io

	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
# of unique depositors (players)	106	174	188	154	103
# of deposits	274	388	385	430	243
Volume of Deposits (in btc)	31.28	51.66	39.858	21.54	15.46
Volume of Deposits (in USD)	\$94,403	\$216,972	\$597,870	\$195,152	\$119,197
# of casino bets	27,206	32,457	39,895	141,413	36,640
# of unique casino players	110	197	217	280	91
Volume of Bets (in btc)	111.65	97.565	79.123	99.487	82.763
Volume of Bets (in USD)	\$336,960	\$410,749	\$1,186,845	\$901,352	\$638,103
# of sportsbook bets	2954	3180	6221	4223	4693
# of unique sportsbook players	155	216	435	194	138
Volume of Sportsbook Bets (in btc)	164.678	163.37	189.76	110.45	89.723
Volume of Sportsbook Bets (in USD)	\$496,998	\$687,788	\$2,846,400	\$1,000,677	\$691,764

## Highlights

- 59.46% YoY **increase** in the overall monetary volume combined in the Casino and Sportsbook
- 11.12% QoQ **increase** in the number of wagers in the in the Sportsbook

Q2 is historically a slow season, and this Q2 2018 was no exception. Though there was a buffer from the World Cup 2018 competition, this period was where we truly felt the absence of our shorn off segment of US players.

QoQ deposits shrank by almost half, although volume-wise, this only resulted in less than 30% decline in Bitcoin value. Interestingly, the average BTC deposit per player grew slightly, recording a 7% QoQ increase. Our World Cup promotion probably played a part in boosting Sportsbook wagers, with Q2 bringing in over 11% more wagers than the previous quarters.

We take much encouragement from the fact that our improved offerings across BitcoinRush can still hold up flagging numbers in a slow period. Bottom line, we



recorded a 59% YoY positive growth of overall monetary volume in both Casino and Sportsbook. By the same dollar values of volume, Q2 has still managed to outperform both Q2 and Q3 2017 in both Casino and Sportsbook wagers.

## Product Updates

### MoneyPot / Nessie

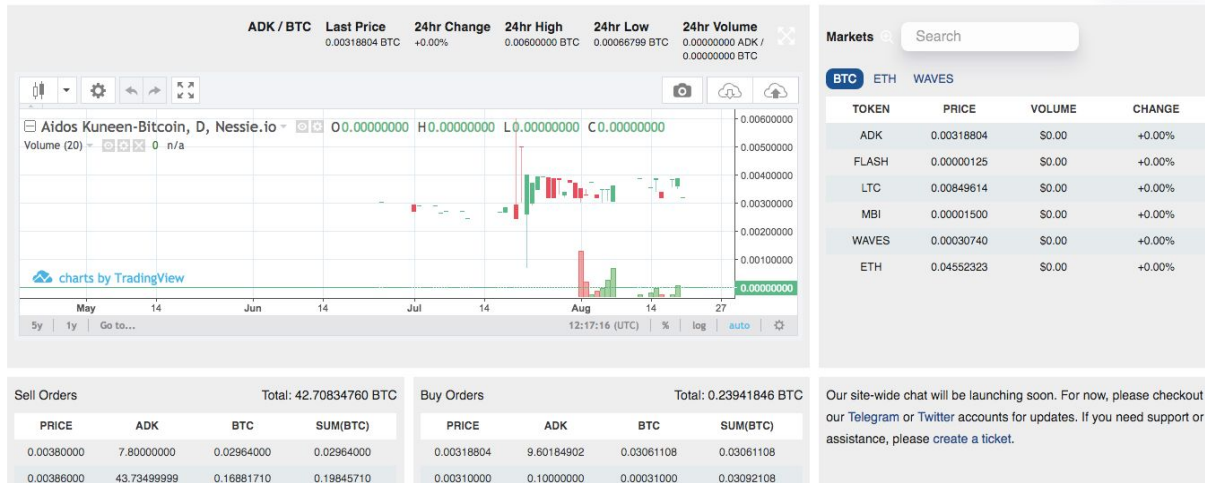
Much of the product improvements implemented in Q2 were focussed on MoneyPot and the Nessie exchange. We spent significant focus and resources on ensuring all functions and use cases on MoneyPot could be executed using a set of secured APIs.

The various APIs which were implemented are listed below.

- createUser (Registration)
- login
- getAddress (Deposits)
- withdrawal
- updatePassword
- updateEmail
- updateMFA

The implementation of these APIs allowed us to create Nessie in a seamless fashion with MoneyPot as the central repository of user authentication, wallets, balances, etc (*e.g. all the complicated stuff*).

This is a truly unique solution that lets users store, send, use, and trade assets, within seamlessly secure technology, and once more developers hear about it, we're certain they'll want to come on board and build on top of this extremely powerful platform.



Nessie saw its Beta launch in this reporting quarter, supporting BTC, ETH, LTC, DASH, MBI, ADK. Nessie has a declared focus on Waves-based tokens but will also eye the market for new and emerging coins/tokens struggling to find listing opportunities.

We believe that the potential for added liquidity plus instant utility across gaming apps is an edge, and Nessie already offers an industry-low flat maker/taker fee for trades, in addition to affordable listing fees – further discounted when paid with MBI tokens.

We expect to inform of even more developments in the coming quarters and we are looking at even more MoneyPot apps to join some familiar names like Bit-Exo and CoinMillions in taking advantage of the unique wallet-utility-exchange features of our MoneyPot & Nessie solutions under the Monster Byte brand.

## B2B

Also in this quarter, we wrapped up all the API development for our Casino and Sportsbook solutions. Our Casino API solution is the **only provably fair Casino API in existence**, offering developers access to Blackjack, Video Poker, Roulette, Baccarat, Hi-Lo and many more (including slots) in the works!

# What's Next?

## *Licensing*

For the past two quarters 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 are happy to inform that we have started the process to gather a B2B gaming license in the country of Curacao. More details will be published in Q3 once we have our license fully secured.



## *Additional Altcoin Support on BitcoinRush*



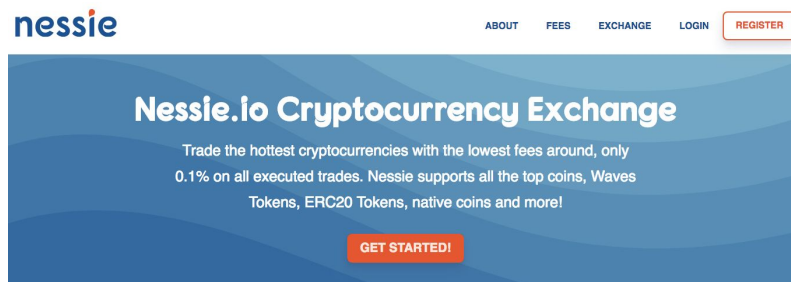
With BTC and ADK already supported, users can look forward to depositing and playing with even more major currencies, beginning with established coins like Litecoin and other emerging ones that meet our requirements.

## *Additional MoneyPot Apps, and token / coin support*

A key part of our growth strategy lies directly within the further expansion and utilization of MoneyPot. As we completed a fair amount of the groundwork to extend MoneyPot functionality via a set of secured APIs in Q2, we will work diligently to publish developer documentation and begin marketing efforts to onboard unique gaming applications onto the MoneyPot platform.



## *Nessie*



As we transition from BETA to 'live product' in Q3, our focus on Nessie is to market the product in the most effective manner. This includes ensuring we reach out to all the top

Waves-based tokens, as well as up-and-coming coins that have recently completed ICOs but don't have 100 btc laying around to list on Binance or HitBTC. Our target partners are small cap tokens and cryptocurrencies with viable products and business plans, if you know of any - please refer them our way (*We offer referral fees for signed contracts*).

# 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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