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Moonwalk Fitness

Rewards System Migration

From Token Locks to Game Participation

February 2026

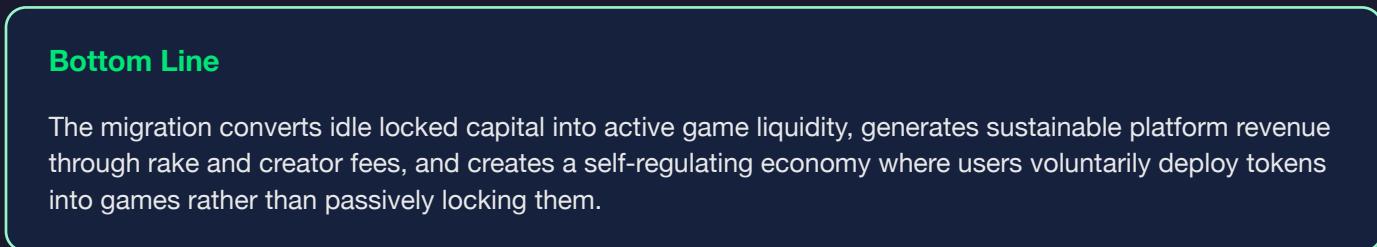
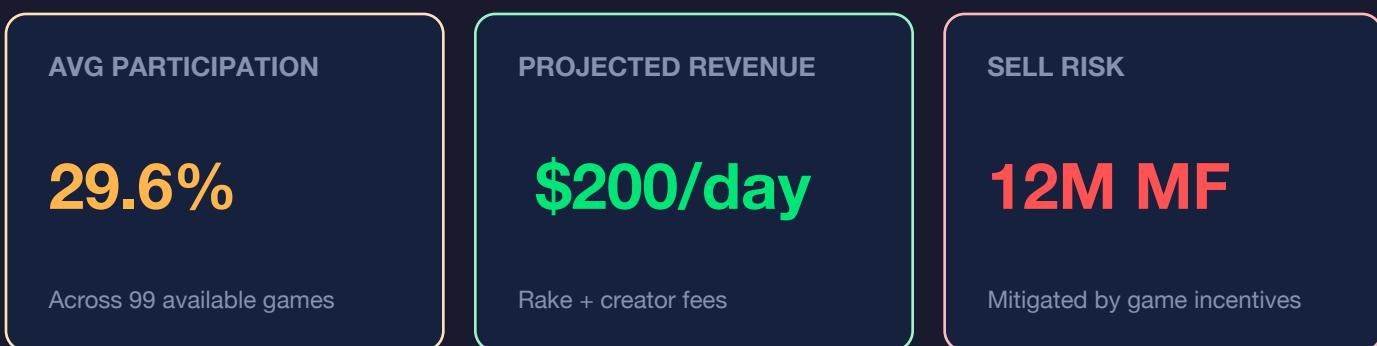
Strategic Analysis & Implementation Proposal

Executive Summary

Moonwalk Fitness currently holds **38 million MF tokens** locked across 3,855 users as part of its rewards program. Of these, **24.1 million tokens are unlockable at any time** — generating zero revenue for the platform while sitting as dead capital.

This report proposes a fundamental shift: **replacing the token-lock rewards model with a game-participation rewards model**. Instead of locking tokens to earn rewards, users will join games — and the number of games joined will determine their reward tier.

Key Metrics at a Glance



Current State Analysis

Token Lock Distribution

TOTAL LOCKED

38,000,000 MF

3,855 unique users

UNLOCKABLE NOW

24,100,000 MF

63.4% of all locked tokens

Game Participation

USERS IN GAMES

4,793

Both locked and unlocked users

AVAILABLE GAMES

99

29.63% avg participation rate

Locked User Behavior

METRIC	VALUE
Locked users in games	2,532
Avg participation (locked users)	37.03%
Avg locked amount	14,000 MF
Reward tiers	Tier 1 / 2 / 3 / 4
Reward structure	League + Tier = Weekly Credits

Current Rewards Model

- ◆ Users lock credits to qualify for Tier 1 through 4 within each league
- ◆ League placement combined with tier level determines weekly credit rewards
- ◆ Higher locks and higher leagues yield better weekly payouts
- ◆ Once a user maxes out their lock amount and league, there is no further growth path

The Problem

Dead Capital: 24.1M Tokens Generating Zero Revenue

24.1M

VS

13.9M

Tokens Unlockable

No revenue generated

Tokens Actively Locked

Delays selling only

The Participation Ceiling

Diminishing Returns

- ◆ Users max out lock amount
- ◆ Users reach highest league
- ◆ No incentive to acquire more MF
- ◆ Engagement plateaus and declines

Structural Issues

- ◆ Locking only delays selling — does not prevent it
- ◆ No platform revenue from locked tokens
- ◆ Users asking: “What do I do with my MF?”
- ◆ Growth capped by lock ceiling

Core Issue

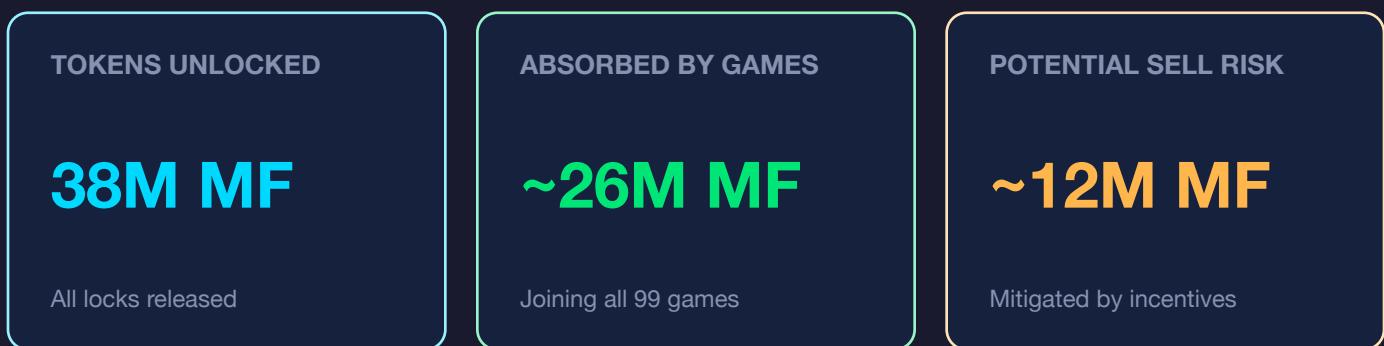
The lock-based system was designed to reduce sell pressure, but it created a passive holding pattern with no economic activity. Users lock tokens, collect rewards, and eventually have nowhere to go. The system rewards inaction rather than engagement.

Proposed Migration

The Shift: From Locking to Playing



Token Flow After Migration



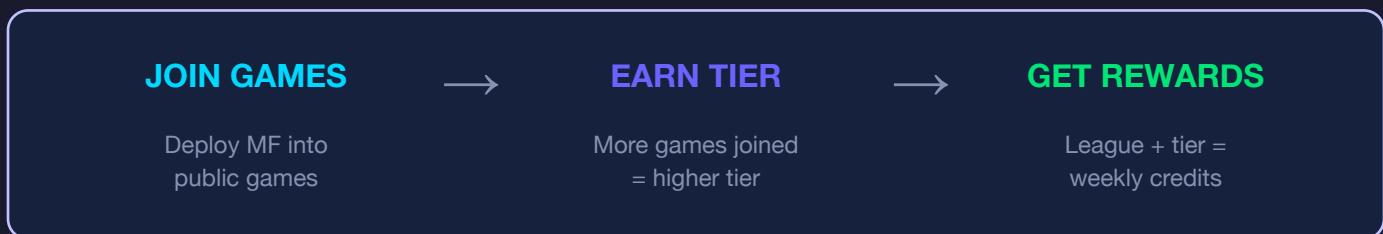
New Revenue Streams

REVENUE SOURCE	AMOUNT	FREQUENCY
Rake (0.1% on gross volume)	15,000 MF	Daily
Creator fees (increased)	7,000 MF	Weekly
Combined estimate	21,000 MF	Daily
USD equivalent	\$200	Daily

New Rewards System

How It Works

The new system replaces token locks with game participation as the primary metric for reward eligibility. Users join public games, and the **number of games joined** determines their reward tier. Leagues remain unchanged.



Tier Structure (Illustrative)

TIER	GAMES JOINED	REWARD MULTIPLIER
Tier 1	1 – 10	Base rewards
Tier 2	11 – 30	1.5x multiplier
Tier 3	31 – 60	2.5x multiplier
Tier 4	61 – 99	4x multiplier

Self-Regulating Economy

Natural Growth Loop

- ◆ Users accumulate MF through rewards and trading
- ◆ Larger balances enable joining higher-stake games
- ◆ Higher stakes create more volume and more rake revenue
- ◆ Users create new games to deploy excess capital

Voluntary Locking

- ◆ Tokens in active games cannot be withdrawn
- ◆ Users self-select their “lock” level by joining games
- ◆ No artificial ceiling — always room to grow
- ◆ Engagement drives retention, not arbitrary locks

Strategic Advantages

Eliminate Dead Capital

24.1M tokens currently sitting idle become active game liquidity. Every token in the ecosystem is working — either in games generating rake revenue or available for users to deploy.

Increased Engagement

More users joining more games means higher daily active usage. The current 29.6% average participation rate has significant room to grow when participation directly drives rewards.

Revenue Generation

The current model generates zero revenue from locked tokens. The new model introduces rake fees (0.1% on volume) and increased creator fees, projecting approximately \$200 per day in sustainable revenue.

Self-Regulating Economy

Users manage their own “lock” levels by choosing how many games to join. As balances grow, users naturally create higher-stake games to maintain tier status, driving organic volume growth.

Clear Token Utility

Solves the “what do I do with my MF?” problem. Every token has a clear purpose: join games, earn tiers, collect rewards. Users always have a next step and a reason to hold and deploy MF.

Voluntary Retention

Users remain effectively “locked” while participating in games — but by choice, not by force. Voluntary engagement is more sustainable than mandatory locks and leads to stronger long-term retention.

Risk Analysis

Primary Risk: Token Sell Pressure

38M

Total Unlocked

26M

Absorbed by Games

12M

Potential Sell Risk

Mitigation Strategies

Incentive Alignment

- ◆ Reward tiers incentivize deploying tokens into games rather than selling
- ◆ Higher game participation yields significantly better weekly rewards
- ◆ Selling tokens means losing tier status and future earnings

Phased Rollout

- ◆ Gradual unlock schedule rather than instant release of all 38M tokens
- ◆ Monitor sell pressure and adjust pace accordingly
- ◆ Early adopter bonuses for users who transition immediately

Market Safeguards

- ◆ Monitor liquidity pools and set alert thresholds
- ◆ Buyback program funded by rake revenue if needed
- ◆ Communication campaign emphasizing new earning potential

Transition Timeline

- ◆ Week 1–2: Announce migration, educate users
- ◆ Week 3–4: Soft launch with early adopter incentives
- ◆ Week 5–8: Full migration, monitor and adjust

Risk Assessment

The 12M token sell risk represents a worst-case scenario. In practice, the new reward structure creates strong incentives to deploy rather than sell. Users who sell lose access to tier-based rewards, making holding and playing the economically rational choice.

Revenue Projections

Revenue Model

Revenue is generated through two primary mechanisms: a 0.1% rake on gross game volume and increased creator fees. At current activity levels with projected migration impact:

SOURCE	DAILY	MONTHLY	ANNUAL
Rake (0.1% gross vol.)	15,000 MF	450,000 MF	5,475,000 MF
Creator fees	1,000 MF	30,000 MF	365,000 MF
Total MF	16,000 MF	480,000 MF	5,840,000 MF
USD (at \$0.0095)	\$152	\$4,560	\$55,480

Growth Scenarios

Conservative (Current levels) \$55K Annual revenue Assumes no volume growth after migration	Moderate (2x volume) \$110K Annual revenue Doubled participation from reward incentives	Optimistic (5x volume) \$275K Annual revenue Full ecosystem activation + new users
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Break-Even Analysis

Current model revenue: \$0/day. Any revenue generated by the new system represents pure upside. The migration cost is primarily operational (development, communication, transition support). At conservative estimates of \$150/day in revenue, the platform reaches positive ROI from day one of the new system, assuming migration development costs are already budgeted.

Summary & Next Steps

Key Takeaways

- 1 Dead capital becomes active liquidity.** 24.1M idle tokens enter the game economy, generating revenue instead of sitting dormant.
- 2 Revenue from zero to \$55K annually** at current levels, with significant upside as participation grows organically.
- 3 Self-regulating economy.** Users voluntarily lock tokens in games, eliminating the need for artificial lock mechanisms and ceilings.
- 4 Manageable risk.** The 12M token sell risk is mitigated by strong participation incentives and can be further reduced through phased rollout.
- 5 Clear growth path.** Users always have a reason to acquire and deploy MF, solving the engagement ceiling problem permanently.

Recommended Next Steps

PHASE	ACTION	TIMELINE
Phase 1	Finalize tier thresholds and reward multipliers	Week 1–2
Phase 2	Develop migration tooling and update smart contracts	Week 2–4
Phase 3	User communication campaign and FAQ documentation	Week 3–4
Phase 4	Soft launch with early adopter incentives	Week 5–6
Phase 5	Full migration and monitoring	Week 7–8
Phase 6	Post-migration analysis and optimization	Week 9–12

Moonwalk Fitness

This document is confidential and intended for internal strategic planning.

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