CONFIDENTIAL

Moonwalk Fitness

Rewards System Migration

From Token Locks to Game Participation

February 2026 · v2

Strategic Analysis & Implementation Proposal

Executive Summary

Moonwalk Fitness currently holds **38.22 million MF tokens** locked across 3,855 users as part of its rewards program. Of these, **6.7 million tokens are unlockable at any time**. The entire 38.22M in the lock system represents dead capital — generating zero revenue for the platform while tokens sit idle.

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 their share of total platform game participation will determine their reward share. Projected revenue is based on the same volume of games with locked tokens deployed into active games.

Key Metrics at a Glance

LOCKED TOKENS	DEAD CAPITAL	ACTIVE IN GAMES
38.22M MF	38.22M MF	4,793
Across 3,855 users	Total locked, zero revenue	Locked + unlocked users

AVG PARTICIPATION	PROJECTED REVENUE	UNLOCKABLE NOW
29.6%	$200/day	6.7M MF
Across 99 available games	Rake + creator fees	Tokens users can withdraw

Bottom Line

The migration converts idle locked capital into active game liquidity, generates sustainable platform revenue through rake and creator fees, and creates a self-regulating economy where users voluntarily deploy tokens into games rather than passively locking them.

Current State Analysis

Token Lock Distribution

TOTAL LOCKED

38,220,000 MF

3,855 unique users

UNLOCKABLE NOW

6,700,000 MF

17.5% 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 structure	League + Participation = Weekly Credits

Current Rewards Model

- Users lock credits to qualify for rewards within each league
- League placement combined with lock 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: 38.22M Tokens in Lock System

38.22M

Total Locked Tokens

Dead capital — no revenue

of which

6.7M

Unlockable Right Now

Immediate sell risk

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

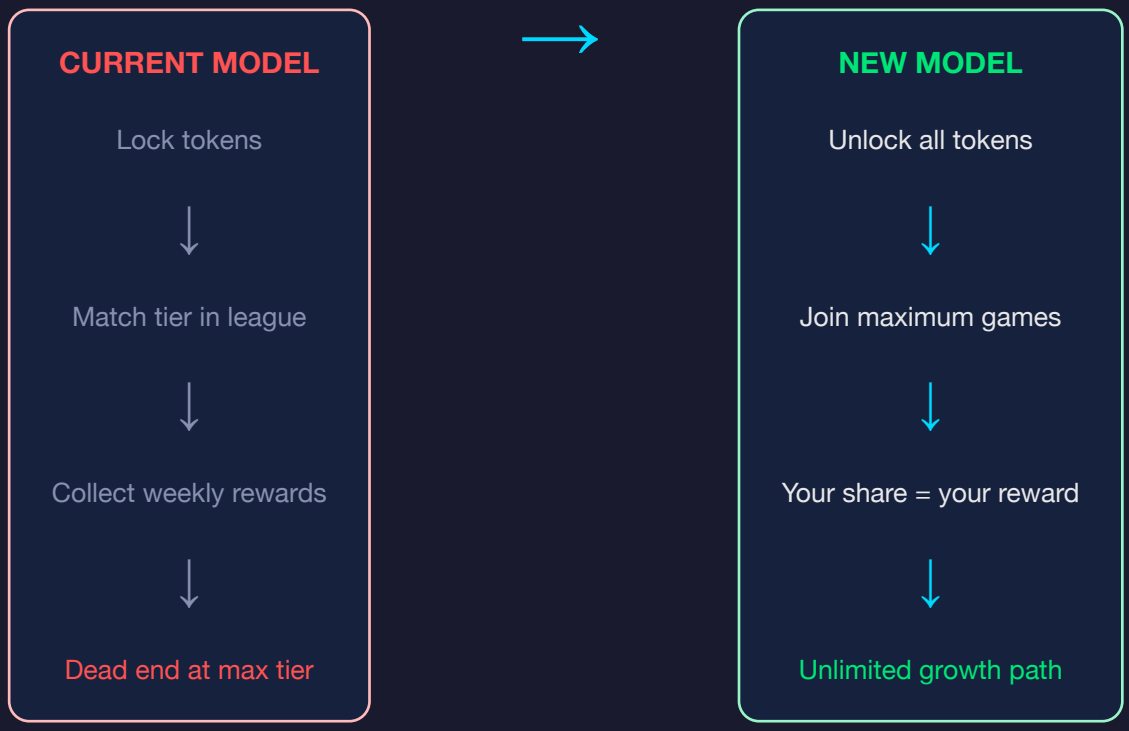
- Locking only delays selling — does not prevent it
- No platform revenue from locked tokens
- Users asking: “What do I do with my MF?”
- Growth capped by lock ceiling

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



Dead Capital Becomes Active Liquidity

The total amount of tokens in the lock system — **38.22M MF** — represents dead capital. These tokens generate zero revenue. After migration, they flow into active games where they produce rake revenue and drive engagement.

TOKENS UNLOCKED	ABSORBED BY GAMES	POTENTIAL SELL RISK
38.22M MF	**~26M MF**	**~12M MF**
All locks released	Joining available games	Mitigated by incentives

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 **and fixed tiers** with a fully dynamic, continuous reward model based on game participation. There are no Tier 1/2/3/4 brackets. Instead, your reward is a direct ratio of your contribution to total platform activity.

Dynamic Reward Formula

Your Reward = Your Games Joined ÷ All Games Joined (Platform)

Continuous ratio — no fixed tiers, no brackets, no ceilings

JOIN GAMES → Deploy MF into public games

YOUR RATIO → Your games ÷ platform total

GET REWARDS → Proportional share of reward pool

Example Scenarios

USER	GAMES JOINED	SHARE OF TOTAL	REWARD SHARE
Power user (50 games)	50	5.0%	5.0% of pool
Active user (20 games)	20	2.0%	2.0% of pool
Casual user (5 games)	5	0.5%	0.5% of pool

Assuming 1,000 total games joined across the platform

Why Dynamic Beats Fixed Tiers

No Ceilings

- Every additional game joined increases your share
- No “max tier” where users stop caring
- Continuous incentive to participate more

Self-Balancing

- As more users join, individual shares adjust automatically
- No need to manually tune tier thresholds
- Naturally rewards the most active participants

Strategic Advantages

Eliminate Dead Capital

38.22M tokens currently sitting idle in the lock system become active game liquidity. Every token in the ecosystem is working — either in games generating rake revenue or available for users to deploy.

Massive Token Volume

Unlocked tokens flood into games, dramatically increasing on-platform volume. More volume means more rake revenue, more creator fees, and a healthier token economy with real transaction velocity instead of stagnant locks.

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 their reward share, 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, grow your share, 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.

Anti-Gaming Measures

Any participation-based reward system invites gaming attempts. Below are the anticipated attack vectors and built-in countermeasures.

Attack Vector 1: Long Games to Block Newcomers

The Attack

Users create abnormally long games to occupy slots and prevent newcomers from joining, preserving their reward share by limiting competition.

Built-in Counter

- Longer games = tokens locked for longer periods with no flexibility
- Those tokens become unavailable for other games, reducing their ability to diversify
- Quick-rotation users can join MORE games with the same capital vs. users stuck in long games
- Net effect: long-game strategy is self-penalizing

Attack Vector 2: Bot Spam on Public Game Slots

The Attack

Bots or low-effort accounts flood the 20 daily public game creation slots, crowding out legitimate users.

Countermeasure: League-Gated Game Creation

- Only users at **Silver league or above** can create public games
- Reaching Silver requires meaningful engagement history — bots can't easily get there
- Protects all 20 daily public game slots from bot manipulation
- Legitimate new users can still **join** any game — only creation is gated

Design Principle

The system's anti-gaming properties are **structural**, not rule-based. Attempting to game participation costs real capital and time, making exploits economically irrational compared to genuine engagement.

Risks & Limits of New System

Risk 1: Escalating Game Costs

The Concern

As users compete for reward share, games become increasingly expensive. More money at risk means higher stakes — and some users may conclude that the rewards are no longer worth the risk exposure.

This is a natural ceiling effect: the system self-regulates, but may also self-limit.

Risk 2: High-Stake Exclusion Strategy

The Attack

Whales create prohibitively high-stake games to keep smaller users out, monopolizing reward share by making participation too expensive for most.

Counter: XP Cap from Player Joins

- Game creators earn XP when players join their games
- High-stake games attract fewer players → less XP earned
- This **caps their league progression**, limiting long-term reward potential
- Creating accessible games is rewarded; exclusionary games are penalized

Open Question: Post-Max-Tier Behavior

What happens when users hit max league and stop caring about XP?

If a user reaches the highest league and has no further XP incentive, the counter to high-stake exclusion weakens. Potential solutions:

- Seasonal league resets requiring ongoing XP maintenance
- Decay mechanics: inactivity gradually reduces league standing
- Bonus reward pools that scale with XP earned, not just league level

This requires further design work before launch.

Risk Analysis: Sell Pressure

Primary Risk: Token Sell Pressure

38.22M	26M	12M
Total Unlocked	Absorbed by Games	Potential Sell Risk

Mitigation Strategies

Incentive Alignment

- Dynamic reward share incentivizes deploying tokens into games rather than selling
- Higher game participation yields proportionally better weekly rewards
- Selling tokens directly reduces your reward share

Phased Rollout

- Gradual unlock schedule rather than instant release of all 38.22M 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 dynamic reward structure creates strong incentives to deploy rather than sell. Users who sell directly reduce their reward share, 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. Projections assume the same number of games as today, with locked tokens now deployed as active game liquidity:

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

Break-Even Analysis

Current model revenue: $0/day. Any revenue generated by the new system represents pure upside. At conservative estimates of $150/day, the platform reaches positive ROI from day one.

Potential Ideas & Open Questions

Idea: Remove Weekly Games Entirely

Instead of weekly game rituals, reward users once per week based on the **total games they've joined** across the platform. This fundamentally simplifies the system.

Pros

- Simplifies home screen and app logic significantly
- Reduces cognitive load — users just join games and get paid
- Easier to explain to new users
- Cleaner codebase and fewer edge cases

Cons

- Users might miss the weekly game ritual and social element
- Could reduce game joins if the weekly urgency disappears
- Less frequent engagement touchpoints
- Revenue risk if max participation is the goal

Accountability Mechanism

Miss Steps → Lose Rewards

If a user misses steps in their active games, they lose weekly rewards entirely. This creates a natural check against over-commitment:

- Users think twice before joining too many games they can't maintain
- Quality of participation matters, not just quantity
- Prevents "join everything, do nothing" strategy

Key Trade-off

Max Simplicity	VS	Max Participation
Remove weekly games		Keep weekly rituals
Reward based on total joins		More engagement hooks
Cleaner UX		Higher revenue ceiling

This decision should be informed by user research and A/B testing during soft launch.

Summary & Next Steps

Key Takeaways

1. **Dead capital becomes active liquidity.** 38.22M 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 token volume and participation grow.
3. **Dynamic rewards replace fixed tiers.** Your share = your games ÷ total games. No brackets, no ceilings, always room to grow.
4. **Structural anti-gaming.** Long games self-penalize, league-gating stops bots, and high-stake exclusion caps XP progression.
5. **Open questions remain.** Post-max-league behavior, weekly game removal, and escalating game costs need further design work.

Recommended Next Steps

PHASE	ACTION	TIMELINE
Phase 1	Finalize dynamic reward formula and league-gating rules	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 adopters; A/B test weekly game removal	Week 5–6
Phase 5	Full migration, anti-gaming monitoring	Week 7–8
Phase 6	Post-migration analysis, address open questions	Week 9–12

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