ARCADE

THE LEADING GAME-FI PLATFORM

Whitepaper

UPDATED DATE: 03/29/2024
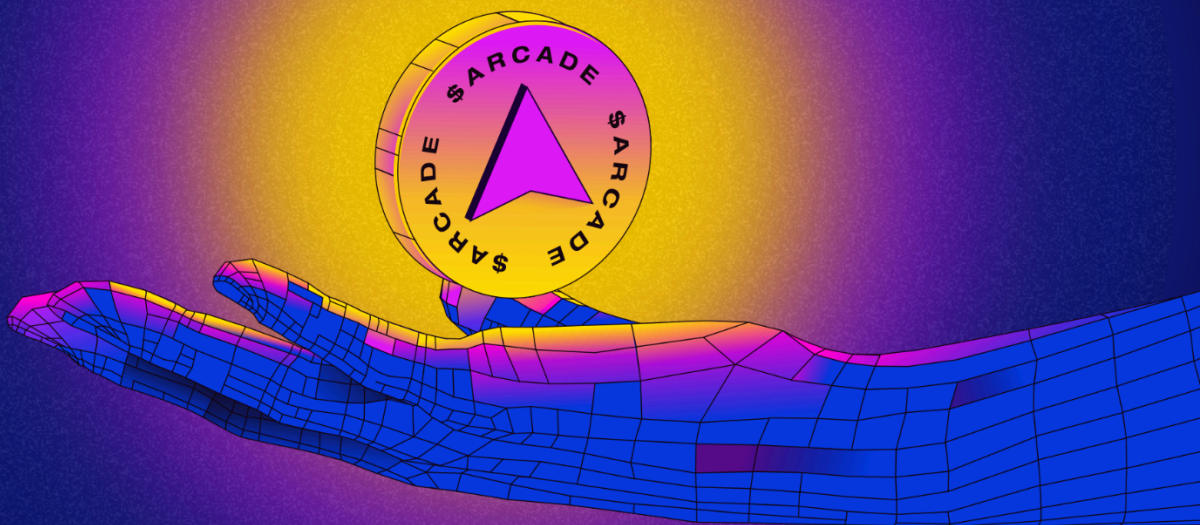
Table of Contents

Abstract

We believe that gaining exposure to the GameFi industry is fundamentally challenging. At its current rate of growth, huge barriers of entry, such as time, energy, interest, and money, makes keeping up with the industry a full-time job! Here, at Arcade, we aim to lower that barrier to entry by providing our users with a more simplified way to gain optimal exposure to Play-2-Earn ("**P2E**") games. Arcade's mission is to provide meaningful infrastructure to the GameFi movement; onboard new users in a responsible way; promote sustainability for the industry; and enable all users, regardless of time, energy, interest, or money, to benefit from the GameFi revolution!

Introduction

Long gone are the days when video games were merely a medium for one's imagination and enjoyment. Through the invention of GameFi, video games, which were once purely intended for amusement, have become a platform in which residential gamers can earn meaningful rewards.

Thanks to advancements in revolutionizing blockchain technology, gamers are now able to play their favorite video games in hot pursuit of bountiful rewards by way of the concept, known as P2E. Correspondingly, game developers have begun changing their model from one of leasing to that of ownership.

Now, gamers can actually own important and unique aspects of the game, itself, in the form of non-fungible tokens, also known as NFTs. Whereby revenue generated from gamers' and their in-game purchases no longer flows exclusively to the game developers, but streams down to the gamers, NFT Collectors, and the overall gaming community.

Opportunity

The P2E opportunity within GameFi and the metaverse is just beginning and fortune favors the bold. While there have been challenges with early games, the demand for players to enjoy more ownership of their in-game items has been clear. As more attention is drawn to the technological advances of the industry, large corporations are allocating billions of dollars to develop their own spin on the metaverse. The massive influx of capital into the GameFi space, from both investors and gamers alike, coupled with inexhaustible rewards earned by early gamers and ecosystem trailblazers presents a once in a generation opportunity.

Many argue that the significant advances in gaming technology, including virtual reality, quantum computing, blockchain technology, and decentralization, offers endless possibilities for the gaming industry. By owning the building blocks of the infrastructure, in the form of NFTs, one can harvest the bountiful rewards hidden within the emerging GameFi space.

The Problem

As is often the case with innovative technology, the vast majority of people miss out on the opportunity to earn exponential rewards out of fear of change, or a simple lack of understanding of said change. Unfortunately, by the time the masses catch wind of emerging opportunities, the common person is faced with insurmountable barriers to entry. This phenomenon remains true within P2E gaming, making it easy to get left behind.

Currently, having the most optimal exposure to GameFi and the metaverse comes at a high cost. The time, energy, and resources spent keeping up with blockchain games tied to these virtual economies is often a full time commitment. While there is always the option of purchasing various metaverses' tokens, this method leaves much of GameFi's reward potential on the table. Some would even argue that the true value obtained from these in-game activities is based on amusement, strategy, skill, and NFT ownership.

Education, another huge barrier to entry for P2E gaming, is also one of the core, fundamental building blocks to any successful activity. People routinely make mistakes, experience lost time, and resources because they lack the proper knowledge or experience when embarking on new endeavors.

The Solution

Arcade is a GameFi platform, built on Ethereum, that offers Platform Users the opportunity to earn meaningful rewards from web3 game titles through the strategic infrastructure of Mission Pools, Mission Pool Operators ("**MPOs**"), Mission Pool Contributors ("**MPCs**"), NFT Curators, and game developers. MPCs are able to contribute tokens to their favorite MPOs and share in the in-game

rewards via Arcade's revolutionary Mission Pool concept.

As the go-to web3 gaming infrastructure platform, Arcade offers crypto enthusiasts and institutions, alike, the opportunity to learn about various blockchain games by contributing to real, in-game activities, earning a pro-rata share of the rewards generated. Web3 gaming is a relatively new concept, with the industry only now just beginning to take root. Due to the risks of scams, fraud, theft, wasted time, confusion, and many other pitfalls and roadblocks, Arcade was created to give people a safe place to access and enjoy blockchain gaming.

The Arcade Platform simplifies GameFi by removing the need to directly play every aspect or fully understand the complexities of each individual web3 game. We have found that by contributing to Arcade's Mission Pools, MPCs are able to learn the skills necessary for success in that web3 game directly from their favorite MPOs, giving MPCs the educational experience necessary to have the confidence to participate in more web3 games, directly.

Save yourself time, energy, and resources by leaving the more challenging portions of gameplay to the gaming professionals. With Arcade, you can enroll, participate, contribute, and benefit from pro-gamers' experience in blockchain gaming without the usual headache of making the wrong investment of time and energy, before becoming an educated participant.

Ecosystem

The brilliance behind Arcade's Mission Pools lies within the simplicity of its design, while still offering optimal exposure to various GameFi opportunities. To utilize Arcade's state-of-the-art platform, users only need to obtain $ARC (Arcade Token) to swap for $xARC (xArcade Token) at a 1:1 ratio to be deposited in Mission Pools on the Arcade Platform. $xARC holders can choose which GameFi

activities they would like to participate in by depositing their **$xARC** into the corresponding Mission Pool.

To exit the platform, **$xARC** holders must swap their **$xARC** back into **$ARC**, which includes a fixed fee ranging from 0-5%. Learn more about [Platform fees].

Ultimately, Arcade's ecosystem is centered around the operation of in-game NFTs by Mission Pool Operators ("**MPOs**"), who generate rewards that are then distributed to the associated parties, if the NFT is owned by a third-party, the NFT Curator, and Mission Pool Contributors ("**MPCs**") that play a key in the Arcade ecosystem, who earn a pro rata share of the rewards by depositing **$xARC** into their desired Mission Pools.

The 4 Pillars Foundation:

Arcade's two-token system connects its Mission Pools with the Four Pillars of the Arcade Platform.

❖ *Mission Pool Operators ("MPOs"):*

➢ Operate out-of-reach NFTs to generate higher rewards;

➢ Build and grow a following;

➢ Create leverage on existing in-game NFT portfolio;

➢ Enhance and build in-game strategies; and

➢ Find a gaming guild.

❖ *NFT Curators:*

➢ Lend out-of-use NFTs to enable gameplay and generate rewards, maximizing the utility of owned assets;

➢ Learn about the reward potential of other GameFi P2E Titles;

➤ Unlock the potential of idle NFT assets by putting them to work in various missions, converting latent value into tangible rewards;

➤ Participate indirectly in a range of P2E titles, broadening exposure without direct engagement.

❖ *Play-2-Earn ("P2E") Titles*:

➤ Obtain exposure and free promotion beyond the gaming community;

➤ Diversify targeted markets for NFT sales;

➤ Increase sponsorship revenue;

➤ Enable gamers to specialize in in-game activities, while simultaneously earning rewards from that game's entire ecosystem; and

➤ Attract new gamers from other GameFi communities.

❖ *Mission Pool Contributors ("MPCs")*:

➤ Participate in the GameFi revolution without having to be a pro-gamer;

➤ Great introduction to the rapidly expanding GameFi industry;

➤ Use rewards earned to participate as an MPO for GameFi titles; and

➤ Obtain specific or broad exposure across GameFi titles.

Arcade's two-token system and Four Pillars foundation revolutionize the GameFi space. Engage with our platform to unlock a spectrum of opportunities in the P2E realm, maximizing the potential of your digital assets. Embrace the Arcade ecosystem for a comprehensive and rewarding GameFi experience.

Dual Token System

Arcade's platform is uniquely defined by its two-token mechanism, ensuring optimal operational efficiency, security, and liquidity for its users. This section dives into the intricate details of this dual token system, providing insights into its functioning, significance, and benefits.

We employ two distinct tokens, each serving a specific purpose:

➢ **$ARC (Arcade Token)**: Anchored on the Ethereum main net, this token capitalizes on Ethereum's renowned security, reliability, and vast liquidity pools.

➢ **$xARC (xArcade Token)**: Functioning on the Avalanche C-chain, this synthetic token facilitates swift, low-cost transactions within Arcade's ecosystem.

Users begin their Arcade journey by acquiring **$ARC** tokens on the Ethereum network. To interact within the Arcade platform, these tokens are swapped for **$xARC** on our decentralized application (dApp). This exchange process involves burning **$ARC** to produce an equivalent amount of **$xARC**, maintaining a consistent 1:1 swap ratio. The total combined quantity of **$ARC** and **$xARC** will always equate to Arcade's fixed total supply. This ensures the system's integrity, trustworthiness, and predictability.

Post interaction with our Mission Pools, users have the autonomy to revert their **$xARC** back to **$ARC**, facilitating ease of transition back to the Ethereum mainnet. This flexible two-way mechanism ensures users can fluidly enter and exit the Arcade platform.

This dual token approach offers several benefits:

➢ **Efficiency**: By utilizing the Avalanche C-chain for dApp operations, users benefit from rapid transaction speeds and reduced costs.

➢ **Security & Liquidity**: Leveraging Ethereum's proven security ensures that the foundational **$ARC** token remains robust against potential threats while having the deepest liquidity potential.

➢ **Consistency**: The fixed total supply and the consistent 1:1 swap ratio ensure predictable tokenomics, fostering user confidence.

Mission Pools

Mission Pools are derivatives of any in-game activity that may lead to rewards within a P2E game. What qualifies as an in-game activity within the Arcade Platform is incredibly flexible, allowing for a wide variety in both duration and quantity; and thus, each Mission Pool is equipped with a Details Log.

The MP Details log contains valuable information about each Mission Pool, including the Mission Pool's objectives & strategy, assets used, results, etc. Such information helps both novice and expert MPCs understand the various aspects of a P2E game and how the rewards are generated and it is only made possible through the collective efforts of the MPCs, MPOs.

Although named "Mission Pool", it's worth noting that an in-game activity represented by a Mission Pool does not have to be a structured "mission" within that game. An example of a "Mission-Based" type Mission Pool might be a freight mission from Planet A to Planet B within the P2E game, Star Atlas.

In this scenario, the MPO executes the in-game mission by completing the freight delivery mission, while MPCs partner with the MPO by depositing their *$xARC* into that Mission Pool, making it possible for the MPO to lease the freight ship from the Arcade Platform.

The "Duration-Based" Mission Pool is another type of Mission Pool, and an example might be the harvesting of a Tier 4 plot of land within the P2E game, Illuvium: Zero.

In this scenario, the MPO executes the in-game mission by harvesting from the plot of land in the method they believe to be most optimal, while MPCs partner with the MPO by depositing their *$xARC* into that Mission Pool, making it possible for the MPO to lease the plot of land from the Arcade Platform.

MPCs can rest assured that their deposited *$xARC* is never at risk of loss. Deposited tokens are never spent nor gambled. These tokens are locked safely in the Mission Pool's smart contract for the duration of the mission. Upon the completion of the mission, the results will be calculated and your pro rata share of the potential rewards will be disbursed.

Keep in mind that Mission Pools do NOT have guaranteed success. Each Mission Pool is different; often with different MPOs, durations, extraneous variables, or skill-related variables. The Mission Pool model enables MPCs to engage in the grand strategy of choosing which Mission Pool to select and which MPO to partner with as a contributor.

However, it is worth noting that MPCs have a penalty fee for leaving a Mission Pool prior to the completion of that mission. To learn more about fees visit Platform Fees.

XP System Integration

While the Arcade token anchors our ecosystem, there's so much more in store. Introducing the XP System - it's not just a measure of your gaming skills but a nod to your dedication. From daily log-ins to strategic plays, we're tracking and rewarding every move you make.

Integrating the XP System into our Mission Pools adds another layer of engagement. Beyond just using *$xARC* tokens, users can now wager their hard-earned XP points. Engaging in Mission Pools using XP is straightforward: choose a Mission, pick a deposit method (XP and/or Tokens), and see how the mission progresses.

However, when wagering XP, these points are locked in and could be lost depending on the mission's outcome. Back a winning mission and you'll reap extra points. But if the mission faces challenges and fails, the wagered points are lost.

Arcade isn't just a platform. It's a community. Every play, every decision, resonates. The XP System encapsulates our vision: an immersive and rewarding GameFi realm for all. And stay tuned as we're constantly exploring ways to elevate XP's worth, with more benefits and surprises on the horizon.

Chain-Agnostic GameFi Exposure

While the Arcade Platform is built on Avalanche (Avax), Arcade's Mission Pool concept does not require direct, technical integration with any P2E Title; therefore, the Arcade Platform is able to easily support in-game activities across any number of blockchains.

Current blockchains supported:

- ➢ Ethereum
- ➢ Solana
- ➢ Avalanche
- ➢ Immutable X
- ➢ Polygon
- ➢ Root

This chain-agnostic exposure to GameFi offers platform users the most simplified and convenient way to gain optimized exposure to the GameFi industry. Now, instead of having to juggle 10 different wallets across a number of different blockchains, users are able to access multiple P2E Titles from a single wallet, on a single blockchain: Avalanche.

When MPOs extract in-game rewards on behalf of a Mission Pool, the native token of that particular P2E Title is converted into *$ARC* on the Ethereum network, which will then be swapped into *$xARC* to be distributed to all participants of that particular Mission Pool.

Esports Integration with Arcade's Mission Pools

Revolutionizing Esports Tournaments

Arcade redefines the Esports landscape by extending our unique Mission Pool concept to competitive gaming. Arcade's Mission Pool model not only makes it possible, but convenient, for Esport competitors and spectators of all levels of skill or interest to team up and share in the Grand Prizes of competitive Esport tournaments. This integration marks a significant shift from the traditional Esports prize distribution model, democratizing access to substantial prize pools beyond the realm of professional gamers.

Empowering Amateur Tournaments

Traditionally, sizable Esports prize pools were the domain of professional leagues, often sponsored by major industry players; however, Arcade disrupts this model by empowering retail gamers with access to larger prize pools. Through the implementation of Esport Mission Pools ("**eMPs**"), tournament entrants can now crowdsource Arcade's Esport community for Mission Pool Contributors ("**eMPCs**") to cover not only the entry fees, but also the overhead costs that are typically associated with larger tournaments.

Risk-Savvy Rewards and Community Engagement

Arcade's entry into the world of Esports uniquely appeals to risk-tolerant users, as the chance for higher rewards is coupled with the risk of loss associated with losing an eMP, introducing a high-stakes, engaging dynamic for all participants.

Here's how it works: A tournament entrant utilizes Arcade's eMPs to form a temporary coalition with Esport Mission Pool Contributors (eMPCs). If the coalition is victorious, the prize pool isn't just a solo triumph; but is shared with the eMPCs for being essential to the coalition's success.

On the flip side, a loss means that the entire coalition walks away empty-handed. This clear-cut, performance-based reward system adds an exhilarating layer to the Esports experience, making every match not just a battle of skills, but also a dynamically engaging event for the sponsors.

Such a structure ensures that every collaborator - from the gamers on the virtual battlefield to the contributors cheering for their success - is deeply invested in the outcome, creating a symbiotic relationship between rising

Esports athletes and their supporting communities. Arcade's eMPs is a bold blend of strategy, gaming skill, and community support.

Sustainable Prize Pool Growth

A portion of the platform fees collected from Esports-related Mission Pools is strategically allocated to Arcade's Tournament Grand Prize Pool. This mechanism ensures a continuously growing prize pool, culminating in grand-scale Arcade Tournaments. This not only promises greater rewards for all participants but also contributes to the long-term sustainability and growth of the Esports sector within Arcade's ecosystem.

Scalable Rewards, Community-Driven Esports

Arcade's integration into Esports is a game-changer, expanding beyond just bigger prize pools to truly nurturing the Esports community. At Arcade, the scale of rewards is a reflection of the community's engagement—determined by their readiness to support and sponsor players. This unique setup creates an exciting synergy: the community's support for a player directly impacts potential winnings, aligning player performance with community enthusiasm and support, introducing a fresh paradigm in competitive gaming, one where success and rewards grow hand-in-hand with community involvement.

Utility Not Equity

$ARC is a utility token that does *NOT* represent governance nor equity in the Arcade Platform. Exclusively being a utility token gives *$ARC* holders unilateral control over their exposure to GameFi, along with many other significant advantages over other equity token models that are currently prevalent in the industry.

$xARC grants its holders access to in-game NFTs, leading industry information, and educational materials, while also giving its participants the opportunity to earn rewards by actively engaging on the Arcade Platform.

Benefits:

➤ Select specific Mission Pools based on your game of interest, with the chance of earning rewards while also contributing to your favorite MPOs;

➤ Tailor your exposure to a single in-game activity within a particular P2E Title;

➤ Earn rewards based on the success of your Mission Pool selection;

➤ Utilize high-end, in-game NFTs;

➤ Obtain access to more detailed gaming metrics for various P2E GameFi titles;

➤ Play vintage arcade games right on the Arcade Platform to climb your way up Arcade's leader boards for additional rewards;

➤ Compete in Mission Pool challenges to top leaderboards and earn various prizes; and

➤ Have fun participating in the grand strategy of Arcade's various Mission Pools.

Community

Arcade is focused on building long-term relationships with like-minded individuals who share a passion and vision for the future of GameFi. We are proud to be fierce supporters of innovation that allows us to build in a space that is no longer limited by geographical location or gaming knowledge.

Through democratized marketing efforts, Arcade prioritizes community marketing with the aim of spearheading healthier and happier relationships between the Arcade brand, gaming guilds, community members, game developers, and strategic partners.

While the *$ARC* token is not officially a governance token and does not have binding authority, Arcade leans on the wisdom of its community to make several decisions, such as:

- ➢ Proposing and voting on which guilds will be added to the platform as MPOs;

- ➢ Proposing and voting on additional P2E GameFi Titles to onboard to the Arcade Platform;

- ➢ Proposing and voting on bonus pool categories and rewards distribution schedules;

- ➢ Proposing and voting on Arcade Brand Ambassadors;

- ➢ Proposing and voting on philanthropic initiatives; and

- ➢ More.

Scalability

In order to support an increased number of users on the platform, Arcade has several mechanisms to accommodate continued growth, such as:

- ➢ Using Arcade platform fees to buy additional in-game NFTs in both, current and new, P2E GameFi Titles;

- ➢ Onboarding gaming guilds, NFT Curators, and other participants in the NFT Management Program, allowing their in-game NFTs to be used in Mission Pools made available to *$ARC* holders; and

➢ Obtaining advertisements & sponsorships for Mission Pools to purchase additional in-game NFTs and increase the number of NFTs available to Mission Pool Operators ("**MPOs**").

The Arcade Platform is excited to offer its users several, additional services, as the platform continues to grow:

Guild/Player Services:

Due to the sheer amount of raw data that will be collected on various in-game activities, Arcade plans to offer knowledgeable, valuable insight to gaming guilds & individuals, who wish to use such information to better tailor their exposure to that particular P2E Title. Users will be required to pay a "guild services" fee and purchase a monthly subscription to have access to such data. A portion of the service fees will be utilized to:

➢ Support platform development;
➢ Provide community members with better educational content regarding additional metaverse and P2E opportunities;
➢ Increase community incentives and bonus pools; and
➢ Invest in new technologies that lead to increased security and transparency.

NFT Management Program:

The beauty of the Arcade Platform is that the NFTs used in the Mission Pools can come from three, or more sources:

➢ **Owned by Arcade.** Arcade owns a vast trove of in-game NFTs from various P2E GameFi Titles that are operated by MPOs. The lion's share of the rewards generated by these NFTs go directly to the Mission Pool Contributors ("MPCs").

➢ **Owned by Guilds.** Large gaming guilds can utilize their own in-game NFTs to run Mission Pools, with the premise that exposure on the Arcade Platform may draw new players to the guild, leverage Arcade-owned in-game NFTs, and gain access to a share of that Mission Pools' sponsorship revenue.

➢ **Owned by NFT Curators.** For the NFT whales that own troves of NFTs, but do not have the time, resources, or skills to generate the optimum value of utilizing those NFTs in-game, can now provide their NFTs to be utilized on the Arcade Platform. In exchange for access to these in-game NFTs, a large portion of the in-game rewards will be shared with the NFT Curator, in addition to that Mission Pool's MPCs, providing MPOs and MPCs with exposure to P2E Titles that have yet to be onboarded by the Arcade Platform.

The primary object of Arcade's NFT Management Program" is to continuously expand the number of Mission Pools offered on the Arcade Platform by minimizing the risk of NFT loss to ensure the continuous expansion of services and benefits provided by the Arcade Platform.

[*It is important to note that, here at Arcade, careful thought is placed into each NFT selection, and stringent policies have been set in place that dictate all purchases of in-game NFTs that are to be utilized for Mission Pools.*

On the contrary, NFTs owned by either gaming guilds or participants of the NFT Management Program do not go through the same level of scrutiny, as the risk of value loss is borne by the NFT owner, and not by Arcade.]

Risk of Loss:

NFTs that are owned by Arcade, or participants in the NFT Management Program, shall remain in Arcade's custody, and not transferred to the MPO

for in-game use. Arcade shall take careful measures to ensure that specific lending protocols are set in place and followed before allowing outside parties to operate such NFTs for Mission Pools. As GameFi continues to expand, more and more promising projects are being created and developed specifically to solve the issue of the lack of lending protocols.

Platform Fees

Token Swap Fees

The swap between *$ARC* and *$xARC* serves as the primary source for Arcade's platform fees. This cumulative swap fee is built to range from 0% - 5% depending on platform conditions.

Platform Swap Fee Ratio Examples:

➢ 0% from *$ARC* to *$xARC* and 5% from *$xARC* to *$ARC*;
➢ 5% from *$ARC* to *$xARC* and 0% from *$xARC* to *$ARC*;
➢ 2.5% from *$ARC* to *$xARC* and 2.5% from *$xARC* to *$ARC*;
➢ 3.164578% from *$ARC* to *$xARC* and 1.835422% from *$xARC* to *$ARC*.

We will make sure to clearly indicate what the current swap fee ratio is at any given time.

Early Withdrawal Fee

The secondary source for platform fees will derive from a Mission Pool Deserter Fee. This occurs when a Mission Pool Contributor ("MPC") withdraws their *$xARC* from a Mission Pool after its funding period and prior to completion, or, deserts! It's important to remember that tokens deposited into Mission Pools are not locked, but early withdrawal is subject

to this Deserter Fee. The Deserter Fee is built to range from 0% to 15% depending on several variables, including but not limited to:

➢ The overall duration of the pool;
➢ The amount of time remaining at the time of the withdrawal;
➢ The withdrawing MPC's share size of the total *$xARC* staked in that Mission Pool; and
➢ The total amount of *$xARC* staked in that Mission Pool.

MP Platform Fee

Our platform's fee structure ranges from 0% to 30%, adapting to the specifics of each game to cover any operational costs of a mission pool and the roles of the MPO, MPC and Lenders. This variable fee model ensures a fair and balanced ecosystem, aligning with the unique value and market dynamics of individual games to optimize participant engagement and platform sustainability.

Vaults & Platform Fees

Legacy Vault: A Pillar of Long-Term Vision & Trust

Through a portion of our platform fees, we've created an on-chain, transparent vault, locking tokens away for 50 years, solidifying our pledge to enduring value by creating a dynamic balance against token inflation. At the close of this half-century, the vault will be redistributed to loyal **$ARC** supporters, rewarding those who have met diverse qualifications over the decades.
[*The qualifications for the Legacy Vault will be announced at a future date.*]

Agility Vault: Strategically Poised for Tomorrow's Challenges

At Arcade's core lie the Mission Pools. Whenever an MPC gap arises, Arcade steps in to bridge it. The tokens accrued in this process find a home in our Agility Vault. These tokens are reserved for pivotal moments, ensuring Arcade's agility and readiness for unforeseen challenges.

Token Allocation Breakdown

Total Supply: 800,000,000   **Initial Circulating Supply:** 10,000,000 Est.

ALLOCATION	PERCENTAGE	Vesting Terms
Team & Advisory	25%	18 mo. cliff + 24 mo. Linear Vesting
Seed	12.8%	12 mo. cliff + 24 mo. Linear Vesting
Private	7.5%	6 mo. cliff + 18 mo. Linear Vesting
Public	1.2%	Available immediately
Growth	7%	Soft lock: case-by-case vesting
Strategic #1	1.5%	15% TGE + 12 mo. Linear Vesting
Strategic #2	0.04%	5% TGE + 18 mo. Linear Vesting
Token Vault	35.5%	Soft lock: platform Initiatives
Community Incentives	9.4%	Additional from treasury as needed

Disclaimer: Some of the numbers presented above are close approximations. Actual figures may vary slightly.