

HarmoniXX

REDEFINING MUSIC IN WEB3

HarmoniXX:

*A Web3 Ecosystem leveraging NFTs to help Musicians
better monetize their work and engage with fans*

White Paper

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Abstract

HarmoniXX is Web3 Platform that supports Musicians & Artists by providing the applications and services required to achieve new monetization streams for their crafts. The ecosystems offers a comprehensive solution, addressing key components of Music NFT creation; distribution & promotion; sales; and fan engagement. Leveraging AI, HarmoniXX has introduced a new form of NFTs, one that is Music-Infused and where a single collection can contain thousands of unique music derived from a single original song. The platform enables crowdfunding and the sharing of future song royalties directly to fans, while offering a range of incentives that encourages and facilitates both musician-to-artist collaborations and fan engagement. Powered by the platform's native utility token, HMX, the ecosystem serves to be a blockchain solution to resolving the pressing problems of the current music industry.

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1. HarmoniXX Introduction

HarmoniXX is a next-generation music platform that empowers Musicians to achieve new, improved monetization on their creations through Web3 applications and services. It aims to resolve pressing issues affecting today's music industry by providing the first of its kind, a comprehensive solution that includes the creation, distribution, promotion and sales of Music NFTs. It additionally encourages and facilitates collaboration between musicians and artists.

Utilizing HarmoniXX's AI generated, new form of Music-Infused NFTs, musicians can create truly unique digital collectibles (NFTs) using their existing music, while rewarding their fans with exclusive benefits (digital, physical and experiential).

The platform allows for a high level of fan interaction/ engagement. Through NFT crowdfunding, fans will have the opportunity to share in the future success of their favorite artists. The MetaFan Club will enable communities of fans to interact with those artists in a Web3 manner.

The entire ecosystem will be driven by the platform's native token, HMX, scheduled to be launched in the 2nd half of 2022. The ecosystem provides a range of utilities and incentives for both fans and artists.

The first phase of HarmoniXX's platform (harmonixx.io) was launched on April 1st, 2022.

1.1 Our Mission

HarmoniXX's first and foremost objective is to provide solutions to the problems plaguing the current music industry. With realistic understanding that disrupting the practices of an age-old industry is not easy nor quick to bring to fruition, HarmoniXX is taking a long-term approach to realizing its mission. The company's near term strategy is focused on providing musicians with a simple way to enter into the Web3 space and have readily available options to either quickly monetize on their works or to receive the funds for their future music.

Objectives for Musicians:

- Direct access to multi-prong revenue streams as well as perpetual royalties generated from their creativity, all of which is tracked and secured via smart contracts on the blockchain
- Unlocking creativity and monetization via NFTs, with the potential to generate more income than via traditional means
- Have alternative options to earning income, without the need to abandon or cannibalize any existing revenue streams
- Secure upfront capital for their future works or when starting their musical career (similar to receiving advances from traditional record labels)
- Establish direct connections and control with their fan base
- Accumulate initial base of listeners as NFT holders
- Connect to other Musicians and Visual Artists for the purpose of collaboration, which will boost creativity as well as unlock a new spectrum of fanbase and monetization
- Have universal access to Music NFT creation and distribution tools, as the technology and services will be made available as a SaaS offering for artists to use themselves

- Receive a comprehensive managed service solution if and when needed. Simply put, a white glove, customized solution which includes Market Education; NFT Planning, Design and Drop Strategy; Production and Minting; Promotion/Marketing; and Deployment/Distribution.

Objectives for Fans:

- Be entitled to engage with their favorite artists in a manner previously unimaginable, from intimate interactions to receiving exclusive access to fan rewards such as limited edition digital and physical merchandise, VIP passes to IRL and Metaverse Concerts, etc..
- Have the opportunity to support their favorite artists not only through the consumption of their work (i.e. purchasing music, concert tickets, merchandise and even NFTs), but to financially support in the actual development of the artists and their creations in which the fans themselves will receive financial returns based on the success of those works.
- Receive access to an exclusive community of fans, an important social element in which separates the casual fans from the dedicated fans
- Gain rewards, airdrops and other incentives for participating in their passion

Why Now?

We believe this is an ideal and opportune time to launch HarmoniXX given that Web3 and NFTs have begun to gain traction and notoriety in mass media. The well publicized problems plaguing the current music industry is exasperating, especially with the global pandemic that has resulted in musicians' loss of income from live events and touring over the past two years, which for the most is actually their bread and butter. Thus alternative solutions are much in need.

Despite Music NFTs are a new space with limited industry case studies and benchmarks, over the past 18 months there has been notable musicians that are early adopters and have experimented with Music-related NFTs that were well received by fans and financially successful. Examples of such are mostly from the US, which includes the likes of Snoop Dogg, Steve Aoki, Justin Blau, Deadmau5, Grimes, Tory Lanes, King of Leon and Linkin Park's Mike Shinoda. The industry is in desperate need of change and a movement is beginning to take place. As such HarmoniXX is in position to be a first mover in this space.

2. The NFT Market

2.1 What are NFTs?

NFTs (or “Non-Fungible Tokens”) are a kind of crypto asset in which each token is unique and are not mutually interchangeable, hence “not fungible” as opposed to “Fungible” assets like Bitcoin or fiat currency, which are all worth exactly the same. It is a non-interchangeable unit of data stored on a blockchain, a form of digital ledger, that can be sold and traded. Each token is uniquely identifiable, indivisible and can be associated with a unique particular asset, whether tangible or intangible (such as a file or a physical object) and a license to use the asset for a specified purpose.

Most NFTs are built using the ERC-721 and ERC-1155 standards, which allow creators to issue unique crypto assets via a smart contract. NFTs are created when blockchains string records of cryptographic hash, a set of characters identifying a set of data, onto previous records therefore creating a chain of identifiable data blocks. This cryptographic transaction process ensures the authentication of each digital file by providing a digital signature that is used to track NFT ownership. Because each NFT is stored on a blockchain, there is an immutable record starting with the token's creation and including every sale after.

NFTs can be used to authenticate ownership of digital assets like music, artwork, videos and pictures, thus acting as certificates of authenticity for digital artifacts or a programmable deed of ownership to an asset. This digital deed gives its holder the exclusive ability to use, sell and transfer the asset's ownership rights, as dictated by their private key signature. These rights could pertain to resale, physical redemption, digital functions, financial benefits or other intangible rights. The NFT does not necessarily "contain" the asset but rather is a programmable record of ownership with an inbuilt pointer to the asset location.

2.2 Growth & Market Size of NFTs

The maturity of NFT technology and applications in blockchain has laid the foundation for the publishing, distribution and circulation of digital products and assets. Over the past 24 months, high-profile news and events related to NFTs have dominated the headlines in global mainstream media. It has helped accelerate the education of the mass market and created significant volumes of adoption, all of which has led to favorable conditions for the rapid development of the NFT market. If it is perceived that blockchain 1.0 is represented by crypto currencies, most notably Bitcoin, which has created a new model of finance (DeFi), then blockchain 2.0 can be considered to be currently represented by NFT's, which is creating new economic models for all walks of life across multiple industries.

Mason Nystrom, an analyst at Messari, in early 2021 anticipated that the NFT market would exceed \$1.3 billion by the end of 2021 as more notable artists, brands and icons flock to this space to create their own distinctive tokens. Given that in 2020 only \$106 million worth of cryptocurrency were sent to ERC-721 and ERC-1155 contracts¹, that prediction seemed aggressive at that time. But by Q3 of 2021, \$6 billion worth of trades were made in a single quarter alone.² One platform, OpenSea, accounted for \$3.42 billion of transactions in the month of August 2021 and reached \$14 billion for the entire year of 2021.³ Chainalysis tracked a minimum \$44.2B worth of transactions⁴ for the full year of 2021. The momentum has carried into 2022 for OpenSea, with January recording an all time high of \$6B monthly NFT trading volume.⁵

For 2022 and beyond, the NFT market is projected to continually grow exponentially. There is a lot of potential overhead room for growth, particularly if enterprise and institutional interest continues. Furthermore as fractionalization, funds, yield and derivatives emerge, the expectation is for the NFT market to continue reaching new heights.

¹ <https://blog.chainalysis.com/reports/2022-crypto-crime-report-preview-nft-wash-trading-money-laundering/>

² Q3-2021 NFT Quarterly Report, nonfungible.com

³ <https://cryptobriefing.com/opensea-saw-a-646x-increase-in-trading-volume-in-2021/>

⁴ <https://blog.chainalysis.com/reports/2022-crypto-crime-report-preview-nft-wash-trading-money-laundering/>

⁵ <https://www.theblockcrypto.com/linked/132323/monthly-nft-trading-volume-high-6-billion-january>

2.3 NFT Trends

- **Big Names, Big IPs:** Entering into the NFT space are not only the typical blockchain or crypto currency community. An immensely broader range of individuals (artists, musicians, athletes, investors, celebrities, influencers, etc.) and big multinational brands and IPs have all recently forayed into the NFT sector.
- **Increasing Mainstream Adoption:** Despite all the hype that NFTs garnered and the explosive growth it achieved in 2021, the commercial & social penetration rate of both Blockchain & NFTs still remains low. Based on various market data, the blockchain industry's total market capitalization is now more than \$2 trillion and continues to grow. The total number of blockchain wallets, as well as the total number of accounts on major exchanges, has surpassed 100 million, which is equivalent to the number of Internet users in 1997 right before the Dotcom explosion. Thus, on a relative basis the mainstream adoption is minimal but growing, and it is widely believed that blockchain is on the eve of its explosion. Furthermore, the applications for blockchain thus far is still relatively limited in its scope, with majority of it previously focusing on the financial sectors (ex. DeFi). With the continued development of NFTs and the increasing innovations for a wider range of applications and utility, it is certain that the mainstream penetration rate will continue to rise.
- **More Industries & Utilities:** In 2021, NFTs have already begun to penetrate into a wide range of industries and utilities. However, in terms of distribution by segment based on total transaction volumes and amounts, Digital Collectibles and Digital Art represents majority of NFTs, followed by Gaming. Going forward, it is expected that NFT trends will include: Metaverse related utilities; DAOs and community owned projects; Social Tokenization (So-Fi); Traditional Media & Brands Cross-over; and Music NFTs.

3. Current Situation of Music Industry

3.1 Income Inequality

It's no secret that musicians are not earning their fair share from their music. It's understood that it is not easy to make it as a successful musician. The ones that are lucky enough receive record deals, but often have up to 80% of their royalties kept by their label, and that's before needing to pay any remaining distributors or managers.

According to a Citigroup report, artists only capture 12% of the revenue from their music (from the total consumer spend).

Spotify lists approximately 8 million artists on its platform. Of that, only 42,100 artists (or 0.53%) made over \$10,000 in streaming revenue in 2021. And only 13,400 (0.17%) made over \$50,000 which is the equivalent median wage for workers in the US in 2020⁶. This means only a very small fraction of artists on Spotify are able to earn median wage.

Musicians are at the core of the creative industry and what goes into creating music is often irreplaceable. However the compensation that musicians receive in return are minimal due to

⁶ <https://messari.io/article/crypto-and-music-jamming-into-web-3-0?referrer=category:all-research>

existing models of distribution and layers of intermediaries. The minuscule fraction of a musician's share of income does not properly reflect their core contribution in the whole music industry, but more importantly is that it results in the majority of musicians not being able to rely on their trade (making music) to make a minimum wage living. In turn, this severely limits both the ability and motivation of musicians to create music.

The existing model of music distribution are not typically controlled by musicians, but instead via distribution platforms such as Spotify, Apple Music, Tidal and others. As such, these platforms do not only control the monetization but also the user base (the fans). Thus musicians are significantly reliant on the platforms for monetization and the growth of their popularity, which also means musicians can only accept what the platforms are willing to pay them, which in relative terms is minimal.

Music streaming service	Avg. pay per stream	Streams to earn \$1	Streams to earn \$1000	Earnings after 1 Million Streams
Spotify	\$0.00437	229	229,000	US\$4,370
Tidal	\$0.01284	80	80,000	US\$12,840
Napster	\$0.019	53	53,000	US\$19,000
Apple Music	\$0.00783	136	136,000	US\$7,830
Deezer	\$0.0064	156	156,000	US\$6,400
Amazon Music	\$0.00402	249	249,000	US\$4,020
Pandora	\$0.00133	751	751,000	US\$1,330
YouTube	\$0.002	570	571,000	US\$2,000

Streaming Music Payout by Platform

3.2 Piracy and Copyright Infringements

The proliferation of piracy and copyright infringement has traditionally severely limited the full monetization of high-quality musicians and content creators. It is a serious problem, especially in the digital world, as it hinders the health and sustainable development of all those involved. The main reason for this is that digitalization allows for easy and quick reproduction at little to no cost. Digital content and its rights are not easily identifiable, if at all, and therefore reproductions cannot be easily distinguished. The associated cost of detecting infringements are high; ownership is difficult to prove; taking legal measures to circumvent is not easy and usually the legal costs for defending rights are high; meanwhile the costs (or penalties) for infringement is relatively low.

These problems have plagued the entire industry for more than 20 years since the Internet was widely adopted. It is only now, with the advent of NFTs, is there an identifiable solution. NFTs can standardize content ownership, authorizations and transfers. It ensures legal ownership while providing both the security and traceability of all transactions.

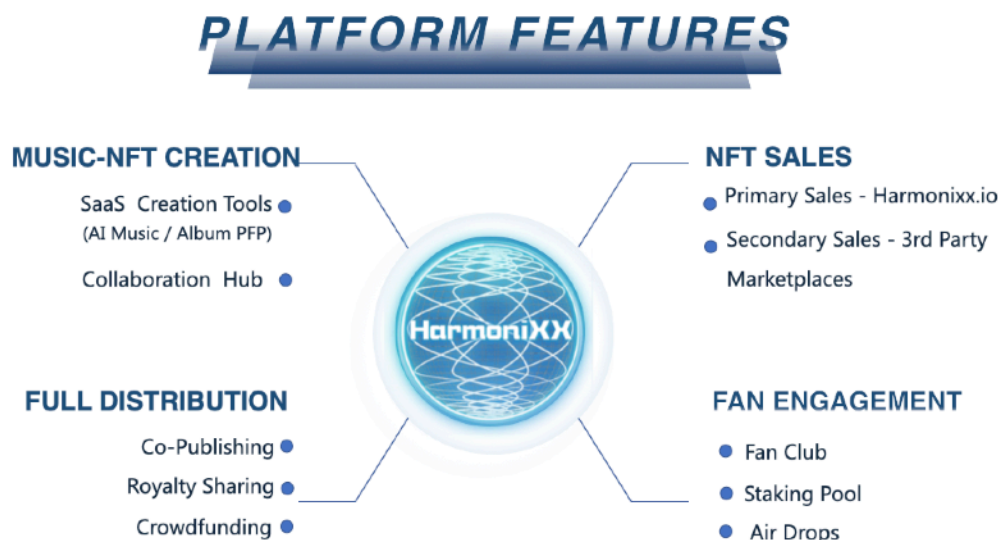
3.3 Delayed Payment Times

Typically there are many intermediaries involved in music distribution that all takes a piece of the revenue. In addition to the fact that after all the deductions only a small amount is left for musicians, the current payment cycle is typically slow. Platforms pay royalties to the intermediate company and can take months or even years to get to the musicians.

3.4 Ineffective, Unilateral Fan Support

Fans' passion and dedication to their favorite artists are very apparent and they show their support when they purchase their music, merchandise or attend concerts. Through this consumption, fans inherently believe that the artists are receiving most of the financial benefits. But in fact fans' support are consumed through platforms or other intermediaries where the musicians themselves receive only a small portion of it. Furthermore, the current system of fan support is one-sided, with no interactions or engagement with the artist directly. Nor do fans receive any other incentives or benefits stemming from their support.

4. HarmoniXX Solutions



The products and services provided by HarmoniXX are specifically designed to alleviate the different problems affecting the music industry. We intend to break the pattern of unreasonable distribution of revenue, bringing the initial allocation of income to favor musicians and continuing to provide them with royalty income for all subsequent market transactions. We strive to provide a selection of income generating opportunities to musicians, whether via the sales of creative Music NFT or through direct engagement with fans. We encourage and facilitate crowdfunding through NFTs to offer an alternative option to advances offered by record labels or as a solution to the majority of artists not even having the opportunity to receive advances.

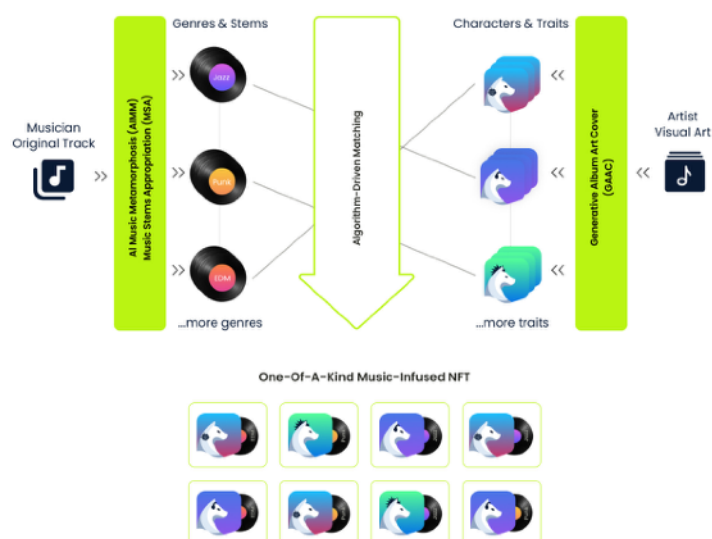
HarmoniXX builds a direct bridge between musicians and consumers. With blockchain and smart contracts, payments are wired into the contract. It ensures musicians receive their royalty payments on time and avoid unnecessary deductions from intermediaries.

Artists are given their rightful place in the new distribution landscape, empowering them to create their music free of limitations, maintaining 100% creative and financial control over their work; generate additional and alternative means of income; directly manage and engage with their fans, including tapping into new audiences in the blockchain/NFT space.

HarmoniXX makes possible a fan-driven economy that is bi-directional, with incentives and rewards for participating as a fan that was never available in this history of music. Aside from having transparency that the income resulting from the consumption of NFTs will go directly to the artist, fans can also reap a broad range of unique benefits that includes exclusive interactions with the artist. Through crowdfunding and future royalty sharing programs derived from NFTs, fans are now directly connected to the success of the artists that they are supporting. Built on top of and protected by blockchain technology, fans will have 100% ownership rights to the NFTs they purchase and the ownership is absolute, transferrable and easy to verify.

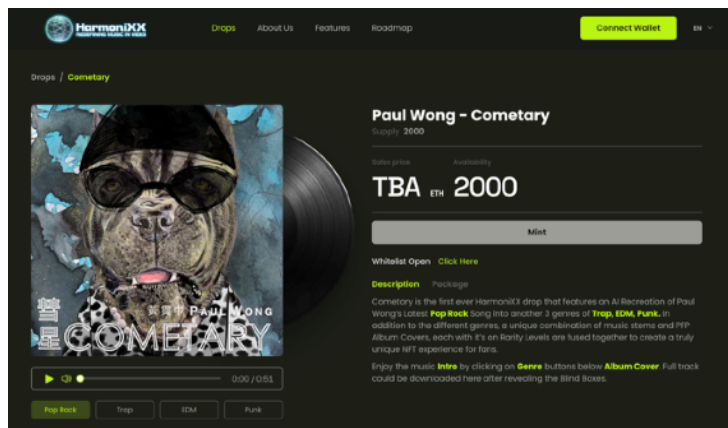
4.1 Core Solutions Launched

- Music-Infused NFTs:** HarmoniXX has created a new type of Music NFT, a collection of thousands of NFTs, each representing a one-of-one song and a corresponding album cover art. The creation of the collection employs a unique and systematic process beginning with the use of AI to generate different genres based off of an artist's existing song. The stems of the generated songs are then programmatically manipulated and remixed. Then using PFP methodology unique Album Cover Art is generated for each song. The resulting NFT collection thus contains a rarity table that spans both music stems and visual traits. It is important to note that this is not a random AI generated music, but instead is derived from an original song that is familiar to fans, yet the fan can own a completely unique version of it.



Music-Infused NFT Creation Process

With the creation of HarmoniXX’s first collection completed, HarmoniXX announced its first Music-Infused NFT Drop on April 1st 2022. Currently in the whitelisting stage, the collection is scheduled to be minted, using ERC-721A smart contracts, with primary sales (both private and public) in May 2022 on harmonixx.io where all future Music-NFT collections will also be released. Immediately after minting on harmonixx.io, the NFTs will immediately be available for secondary sales on 3rd party marketplaces of the users’ choice (i.e. OpenSea).



*Primary Sales on
harmonixx.io*



*Secondary Sales on
OpenSea (mockup)*

- AI Music Metamorphosis (AIMM):** AIMM is the proprietary AI Music Engine used to generate different versions of songs for Music-Infused NFTs. The AI is trained to learn the intricacies of a song and then pulling references from a database of music in different genres, it recreates the song into entirely new genres or styles of music while maintaining the integrity of the original melody. It is significantly different from how AI is currently being used to create music, which is essentially the generation of randomized music. From a single track, AIMM generates multiple versions that differ in genres/styles thus enabling a musician to generate exponential income from an existing song while not having to actually use the original song as an NFT.

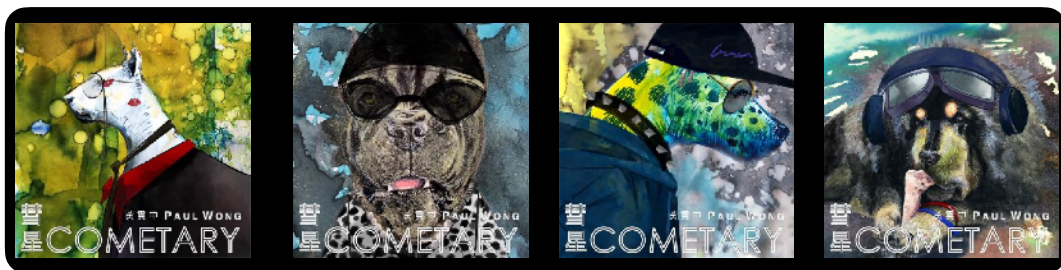
Using HarmoniXX’s first Music-Infused NFT collection as an example, the original track belonged to the “Rock” genre. AIMM was used to generate the song into 4 distinct styles (Punk, Electronic EDM, Trap and Pop Rock).

- **Music Stems Appropriation (MSA):** MSA incorporates a systematic approach to the creation, manipulation and mixing of musical stems. Examples of music stems are Bass, Percussions, Drums, Guitar, Keyboard, and the like. The stems of a particular song are isolated and manipulated to create a number of variations. Different combinations of each variations are then merged back into the song using an algorithmic generation based on weighted randomization which creates and assigns rarity for each stem. MSA enables musicians to effortlessly generate thousands of versions of the same song, with each version being 100% unique as a result of the different combination of stems. Whilst each version is unique, there's clear indication as to the rarity in relation to each song.

Using the example of HarmoniXX's collection again, the 4 songs generated by AIMM was then used to generate a total of 2000 unique versions using the MSA system.

- **Generative Album Cover Art (GACA):** Utilizing our Art Engine to create multiple different instances of artworks based on provided layers of art, Generative Album Covers are created. Similar to the music stems used in MSA, each layer of art is assigned a randomized weight and are then algorithmically processed and combined to form the final art. Additionally a rarity table is generated that details the number of instances each layer appears out of the combined total collection

Similar to PFPs (Profile Photos), the Generative Album Covers are a collection of all unique pieces and can be used and sold as NFTs on its own. In the case for music-infused NFTs, the Generative Album Covers are used to provide a visual compliment to the music.



Generative Album Cover Art from Paul Wong's Cometary Collection

- **Comprehensive NFT Music Service/Co-Publishing:** HarmoniXX offers a comprehensive Music NFT Solution that includes: strategy development; planning; design; production; promotion. distribution and sales. The services, many of which are streamlined, are available to all musicians that are onboarded. Customized solutions are available for A-List Musicians as in the case of HarmoniXX's first collaboration with Paul Wong, an award winning singer and producer, who is considered a legend and pioneer of Chinese rock music. From start to completion, a complete tailor-made solution was provided by HarmoniXX. The team worked closely with Paul while providing white-glove service. A 360-degree Web2 + Web3 promotion plan that included AMAs, Press Releases, Social Media, Influencers, Singing Contests and range of activities was created to drive awareness and to build the fan community around Paul's first drop. The Co-Publishing service enables HarmoniXX to assist artists with distribution of both Music NFTs as well as the original song through DSPs (digital service providers) such as Spotify and Apple Music.

4.2 Upcoming Products & Services

- **SaaS Creation Tools:** HarmoniXX's objective is to provide solutions to all musicians, not just for the 1% of A-List musicians. In order to accomplish this, all core applications (AIMM-AI Music Metamorphosis; MSA-Music Stems Appropriation; Art Engine for Generative Album Cover Art; Minting & Distribution tools) will be made accessible for all users of the platform through monthly paid subscriptions using the platform's native token, HMX. The SaaS tools will be offered in tiered packages based on usage levels. It is meant to be used by professional and amateur musicians, visual artists, content creators and influencers. The interface shall be user-friendly with no coding experience required, thus suitable for any musicians. The comprehensive features enables artists with zero previous NFT experience or prior technical skills to effortlessly create, mint and sell their own Music-Infused NFTs.
- **MetaFan Club:** Providing a unique Web3 experience that is currently missing through existing mediums used for fan interaction, such as Discord. The MetaFan Club connects the musicians with their Fans and provides a customized space to build a community. Similar to traditional fan clubs, it facilitates social interactions between the fans. Each musician will have it's own MetaFan Club, which will be token gated with access exclusively for holders of that particular artists Music-NFT. Aside from social interactions, fans will be treated to an exclusive experience that will feature the Artists' Avatars, Live Streaming Interactions, limited rewards, discounted merchandise, virtual private concerts, IRL VIP concert tickets, video fireside chats, give-ways and more.

The MetaFan Club is designed to be in a 3D metaverse environment (VR Enabled), it will have multiple areas/rooms including:

- ★ Spawn Area which is a lounge for fans to congregate and socialize;
 - ★ Greatest Hits Showroom that will feature the artist's past works (music videos, songs, photos, etc.);
 - ★ Recording Room that supports fans to sing and perform;
 - ★ NFT Viewing/Listening Wall that fans can use to showoff or sell their Music-Infused NFTs and is directly linked to OpenSea;
 - ★ Main Stage for Live music and performances by the Artist (avatar) or special guests
 - ★ Interactivity Area that supports purchase of merchandise, audio chat with musician, games, twitter-enabled photos where fans can take a snapshot of the 3D space and tweet the link to its twitter account.
- **Collaboration HUB:** Specifically designed for artists to facilitate industry collaboration, it serves dually as a A2A (artist to artist) marketplace and a resource center. Musicians and visual artists can showcase and sell their works, which may include samples of songs, beats, instrumental stems, visual art, animation, trait layers for album covers, etc.. that can be bought by another artist to be used in their own creation of NFTs. This is especially useful for Musicians that may need to find visual art to compliment their NFT collection creation, or vice versa with visual artists looking to add music to complete their music-infused work. All items listed in the HUB will be minted and sold as NFTs, transacted using HMX tokens. The

Hub is another revenue generator for artists, especially for talented musicians or artists that may not currently have the popularity or following to sell a NFT collection drop directly to fans, but can still contribute their work and monetize on it. An example would be musicians that play a specific instrument (i.e. Guitar) and as such they can monetize by selling their guitar riffs on the Hub that can then be used in combination with other music.

- **Royalty Ownership NFTs:** A system where fans can support their favorite musicians through purchasing Royalty Ownership NFTs for the artists' upcoming release of songs or albums. In return, the smart contract guarantees the holders of the NFTs the right to receive a share of all future royalties generated from that particular song or album. For the first time in history, fans can support their favorite artists not only by purchasing their music, but rather by investing in the music and having the ability to participate in its success. Both the purchasing of Royalty NFTs as well as the revenue share received will be in HMX (with HarmoniXX converting fiat prior to distribution of revenue if needed). The NFTs as an ERC-1155 or equivalent token is valuable in itself. Aside from being transferable, it will be a Music NFT in itself.

The Royalty Ownership NFTs are a fully flexible solution that is customized according to each individual artist's demands or requests. The artist maintains full control and dictates each individual aspect, such as the percentage ratio of the revenue they would like to share. On average it is expected to be up to 50% but it can easily be less or even 100%. The artist decides what additional license rights are given, although typically we expect it would be for non-commercial use only. The artist also decides what additional benefits and perks (if any) are provided to fans along with the Royalty Ownership NFT. This may include exclusive merchandise, free concert tickets, VIP Backstage passes, Vinyl Records or anything within the realm of imagination.

- **Crowdfunding NFTs:** Comparable to Royalty Ownership NFTs in nature and function, Crowdfunding NFTs are targeted for artists that do not have a completed song or album ready to launch yet. It is a solution designed for new or up-and-coming artists that struggle to attain the funds required to produce and distribute an album. It is also an alternative option for artists to take advance payments from a record label, which in turn they will need to give up majority of their future revenue and be tied into hefty long-term contracts with the label.

As the potential for future revenue share is much difficult to forecast for new artists, in return more benefits in the form of social interactions, live performance tickets or even personalized songs may be provided. Additionally, if and when the artist does become a superstar, the NFTs provide fans to proof that they were the first to spot and support that artist.

- **Fan Incentives:** Aside from artist-related exclusive benefits and experiences, the ecosystem will provide a range of incentives and rewards to fans which includes:
 - Airdrops consisting of both HMX Tokens and Music NFTs from different musicians
 - Staking Pools enabling fans to earn HMX (in addition to other benefits) by staking their HMX into different Artist Staking Pools, thus earning passive income.
 - Music Related Lucky Draws and Lottery activities
 - Ownership and revenue derived from Royalty Ownership NFTs

- **HarmoniXX DAO:** HarmoniXX is scheduled to launch a DAO (Decentralized Autonomous Organization), acting as the collective decision-making body for HarmoniXX's. It is an extension of and evolution from the MetaFan Club where the community will have the opportunity to own and play a bigger role in HarmoniXX's ecosystem. The DAO, steered by the community of both Fans and Musicians, will apply their skills and expertise to provide decision making and necessary implementation to grow & manage the roster of musicians, their music NFTs and various monetization streams, while collectively sharing in the benefits received. Continuing with HarmoniXX's overall mission, HarmoniXX DAO enables musicians to benefit with ownership, funding and access, while simultaneously establishing a deeper and more meaningful connection between artists and fans.

4.3 Unique Features & Attributes

- **AIMM Driven Music-Infused NFTs**

Musicians and Music related NFTs started gaining traction in 2021. Most of the NFT offerings to date typically fall into one of the following categories: Digital visual art pieces that may or may not include a short clip of the musician's music; clip of a music video; fan token; a single mint of an entire song; thousands of copies/mints of the same entire song or album; random computer generated audio/music; and royalties-backed NFTs.

There is currently nothing in the market that the team is aware of that is similar to HarmoniXX's Music-Infused NFTs, whereby a single song from a famous musician is recreated into completely new genres using AI and can be owned as a 1-of-1 by fans.

- **Asia Pacific Market Focused**

Over the past 18-24 months, a number of startups have emerged with similar objectives to addressing the issues encountered in the music industry. All such companies are US or Western centric, leaving a massive gap in the Asia Pacific market.

HarmoniXX views this as an opportunity to fill this void and is uniquely qualified and positioned for APAC Market. Despite being a first mover in the APAC region, by no means is HarmoniXX a regional business, rather focusing on the region first enables HarmoniXX to secure partnerships with Asian artists and help them better expand into other regions. Similarly, HarmoniXX provides a platform that enables western artists to better tap into the APAC music scene and its fans.

- **A-List Music Artists**

HarmoniXX is working closely with famous and popular A-List Asian musicians across different genres and age groups, providing them with a comprehensive service to create Music NFT Drops that will resonate with their fans and establish new income. As the artists are extremely influential within the music industry and their respective markets, they dually serve as ambassadors advocating for and promoting HarmoniXX.

A-List Asian musicians featured in the NFT space has lagged behind their western counterparts, whether due to lack of platforms/services that caters to them and their fan base;

or because of insufficient knowledge in this space; or general reservations that asian artists may have due. HarmoniXX addresses most of these issues and with unique relationships within the music scene built over decades, it has direct access to such A-Listers.

- **Fully Inclusive**

While HarmoniXX will continue working with and featuring A-List artists whose Music NFT drops makes headlines, the platform was established to provide democratization for all musicians, not just the one percent. An overarching objective is to unlock monetization for all musicians, especially for those that struggle the most to make a decent living out of music. As such, HarmoniXX is as much about the lesser known, new or up-and-coming artists as it is about the A-List musicians.

- **Music First**

Most NFT marketplaces provide a range of products and categories, mixing in sports, art, games, etc..while many NFTs offered by musicians are often centered around visual elements or only features a short clip of a song.

HarmoniXX is solely focused on delivering products and services that centers around music. Although Music-Infused NFTs have unique visuals in the album cover, the core remains the full length song, paying attention to its uniqueness and quality. All the other features offered by the platform either solely focuses onto or prioritizes music.

- **Collaboration Minded**

A core component of HarmoniXX is that it encourages, supports and facilitates collaboration, whether it's between two musicians or with visual artists. As part of the planning process for its Music-Infused NFT Drops, the curation and selection of artists to feature takes into account unique collaborations, and takes a hands-on-approach to connecting musicians across different genres and countries.

Separately, the Resource Hub is designed solely for the purpose of enabling collaborations. It is a platform used by professionals in the industry consisting of singers, songwriters, instrumentalists, visual artists, brands and more to showcase their creativity and create connections that lead to collaboration. It will be equally valuable for multi-platinum artists as it would be for up-and-coming artists.

4.4 Our Advantages

- **Professional Experienced Team:** The team possesses a wealth of experience in the music, entertainment and copyright management sectors, having unparalleled direct access and relationships to A-List artists. The team also excels in digital and social media marketing, including the building of online communities.

With 50+ years of combined professional experience from the founders, the team are well known veterans of the Music & Entertainment industry and as such have first hand experience and knowledge in the industry's current practices and problems and what is required to disrupt and reform the industry for Web3.

- **Asia Focused/1st Movers:** Armed with rich resources and connections in the music industry in Asia and combined with a unique product offering, it is well positioned to establish itself as a market leader in the Web3 music space in Asia.
- **AI Music Engine:** To the best of our knowledge, the techniques in using AI to learn and generate new styles of music based off of an existing track (AIMM) is unique to HarmoniXX. To date, we have yet to see any other NFT projects with a similar offering or collection, whether in Asia or globally.

4.5 Market Landscape & Competition

Within the past 2 years, a number of companies or projects have launched in the Web3 Music sector which includes: Arpeggi, AsyncMusic, FLUF, MintSongs, Audius, SoundMint, EulerBeats, Royal, Populous, SongCamp, RCRDSHP, Aokiverse, YellowHeart, Rally, Good Karma Records and more. As is in the traditional or Web2 music industry, the scope of each company varies significantly such as: Generative; Royalties, Streaming, Labels, Agencies, Avatars, Editions, Ticketing, Fanclubs, Collectives (DAOs), etc..

OneOf and Royal.io are 2 platforms that we benchmark ourselves to, with the former focusing on Music NFTs and the latter in Artist Royalties. Similar to HarmoniXX, both adopt an artist and industry first commitment. The key difference is that HarmoniXX targets entirely different geographies and user bases. Additionally, HarmoniXX is a platform not only for A-List artist, it is setup to provide the same solutions to musicians of all tiers and backgrounds, even, or especially, for aspiring musicians with no label or success behind them yet. Those are the artists that are struggling the most to make ends meet and as such HarmoniXX is positioned to provide the tools and services they require.

5. Business Model

5.1 Revenue Streams

HarmoniXX's ecosystem was carefully designed to provide value to and for use by both musicians and fans alike. The incentives and rewards system, whether it's in HMX tokens (HMX) or NFTs, plays a crucial role in the ecosystem that motivates users/fans for continued participation and contribution. The different utilities, features and services provides a robust business with multiple streams of revenue.

1. **Music-Infused NFT Drops:** Partnering with A-List musicians and providing comprehensive service from the creation to the distribution of Music-Infused NFTs, HarmoniXX in return will share in the revenues generated from sales of each major Music-Infused NFT Drop. The revenue share ratio for each Drop may vary, with HarmoniXX guaranteed to receiving between 20% - 40% of the total revenue generated. The difference in range depends on the final agreement with each musician, as well as to the degree of planning, production and promotion that is required.

The initial, or primary, sales of the Drops will take place on HarmoniXX.io, which is currently minting on the Ethereum blockchain and as such the revenue will be receive in

ETH. HarmoniXX plans to offer a multi-chain offering, so depending on the chain that is chosen for each particular Drop, the cryptocurrency that is received may differ.

During the first 12 months from the launch of HarmoniXX, on average a Music-Infused NFT from an A-List musician will be dropped every one to two months. The frequency of Drops will increase to two per month in its second year as the platform expands and focuses on more categories, genres and regions, honing in on a broader spectrum of music lovers.

2. **Royalties from Music-Infused NFTs:** While primary sales of Music-Infused NFTs takes place within its own platform, all secondary sales will occur on third party marketplaces such as OpenSea or LooksRare. All subsequent transactions that occurs on such marketplaces will pay a royalty (of 8-10%) back to HarmoniXX, which is ensured and tracked through the smart contracts of those NFTs. They royalty payments received will then further be split between HarmoniXX and the musician with the same revenue share ratio agreed for primary sales.
3. **Managed NFT Service:** As an alternative to the revenue share model for Music-Infused NFT Drops, HarmoniXX additionally offers its range of services for a fixed fee. The fee amount differs according to the services required (ex. AIMM, MSA, Generative Album Covers, Design, Promotion, etc..). Managed NFT Services are intended for artists that may wish to release a Drop without selling it, as in the case for free promotions, fan rewards and giveaways; using the service for non-NFT usages; creating a NFT to sell it their own platform. Additionally if after assessment HarmoniXX deems that the projected revenues from a specific artist's Drop will be inadequate, then the artist can choose to use the tools available on the platform themselves or pays the fixed fee for HarmoniXX to implement. The service fees may be received in HMX or in Fiat.
4. **SaaS Creation Tools:** The SaaS Creation Tools available to all users will be offered on a monthly paid subscription model. Four monthly packages (including a Freemium Tier) will be offered, with the difference in tiers determined by the items included in the package and usage limitations. Users may choose from a monthly package (no commitment/ pay-as-you-go) or as an annual subscription, both paid with HMX.
5. **Collaboration HUB/Marketplace:** The HUB facilitates the sales of music and art between musicians and digital visual artists for complimenting or completing collections. To ensure transparency and copyright protection, all such music or art placed on the HUB will first be minted as NFTs. Artists will use HMX to to transact on the HUB, with incurring transaction fees received by HarmoniXX.
6. **Distribution:** Co-Publishing as a comprehensive solution entails not only selling Music-Infused NFTs on its platform but may also include the distribution of songs onto Web2 music streaming platforms, with revenues generated shared between HarmoniXX and the artist.

The same is true for both Royalty Sharing Tokens & CrowdFunding, where revenues generated from music streaming platforms will be shared with HarmoniXX as it will facilitate the entire process including the management of the related NFT Tokens, the Fans/Investors and all royalty payments. HarmoniXX itself will receive a portion of the Royalty Sharing NFTs, meaning it is too “invested” into the same artists, songs and albums.

5.2 Go-To-Market Strategy

- **Community First Approach**

The community and social element of fans is a key focus of HarmoniXX and is reflected in the immediate development of its social media and community channels, notably on its official Twitter account (twitter.com/hmxnft) and Discord server (discord.gg/2wvbX348Rt).

The strategy adopted during the initial launch period was to implement precise targeting of users. Thus the approach was not to just target fans of the musician, but rather to concentrate efforts in reaching music fans with an overlapping profile of a being in the Web3/NFT space. This identified user base will be active in communities, while possessing the ability and know how to purchase NFTs.

Phase 2 of the company's marketing and community building strategy would then be expanded to a broader market base. This would include music fans in general that are not in Web3, thus involving an approach that includes market education and conversion. As such, the company will expand and leverage mainstream digital and social channels which includes Facebook, Instagram, TikTok and Youtube.

Music as a category is one of the few universal cultural aspects of all human societies, transcending age, sex, language and geographies. HarmoniXX's unique feature of establishing a fully inclusive platform with musicians that spans across different regions, genres and age groups will enable it to quickly and exponentially build its community of fans and users. The upcoming launch of the MetaFan Club serves to provide the environment to enrich the community and its engagement.

- **Musician Aggregation**

The same emphasis for building a community of fans is applied to building a community of musicians. In addition to rostering A-List musicians, HarmoniXX will divert resources to reaching and onboarding the 99% of musicians that represent the majority of the music industry. Whether it's the SaaS Creation Tools or the Collaboration Hub offerings, or the ability to crowdfund and receive advances, there are valuable services that serve to attract a wide range of artists. Aggregating musicians supports the usage of all the platform offerings. Additionally, it provides HarmoniXX with continuous growth of long tail fans.

- **Asia Region Segmentation**

The initial go-to-market strategy concentrates efforts on developing the market in Asia. The market is currently underserved (or mostly ignored) in the current Web3 movement, meanwhile it contains more than half of the world's population of music lovers and crypto users. Asia also happens to be the market where the team has the most resources (musicians and artists) and unrivaled experience in.

- **Phased Roll-Out**

The initial launch of HarmoniXX will provide the features to mint the company's inaugural Music-Infused NFT Drop. The objective during this phase is to establish a presence, awareness and education for HarmoniXX.

Additional features and services, such as the Royalty Sharing Tokens, MetaFan Club, SaaS Creation Tools and Collaboration Hub will be released gradually over the course of 2022.

The phased rollout approach supports the company's long term mission in disrupting the existing music industry, leveraging on experience to formulate realistic expectations for the scaling of certain initiatives, which dictates the phased release of features.

- **High Profile NFT Drops**

In order to generate and maintain awareness, buzz and adoption, HarmoniXX will dedicate much efforts to curating and providing a deep roster of high profile, A-List musicians to frequently provide Music-Infused NFT drops on the platform. The curation strategy is critical as qualification is not only being famous, but also to target different regions and age groups, meanwhile providing credibility to HarmoniXX and serving as ambassadors to onboarding additional artists

The selection of the musician to collaborate on the company's first drop serves as a good example of the strategy. Paul Wong, Hong Kong band Beyond, is considered by many a legend in asian music and pioneer of Chinese Rock. Essentially every Chinese or even of asian decent will know his songs, thus having a very broad range of fans that spans multiple generations. As an award-winning musician, he is regarded as a mentor and leader to all musicians that came after him.

The collection will consist of 2000 Music-Infused NFTs. Each NFT is a unique piece of music combined with a unique album cover art. The music is from a new song that the AI Music Engine has re-composed into 4 different distinct styles. Then each of the style is further remixed using different music stems, with varying levels of rarity, resulting in 2000 completely unique songs. Additionally, each of the 2000 audio track is further combined with 2000 unique album cover art. Paul contributed to the visual creation of the album art as well, which uses PFP methodology to generate the 2000 versions derived from Paul's original paintings, also with varying rarity levels of traits. The final result is a truly unique type of NFT, that will be made available for Blind Minting on HarmoniXX.io.

- **Blockchain Selection**

Despite some notable concerns in energy use and gas fees, HarmoniXX decided the initial go-to-market strategy will launch its platform on the Ethereum blockchain, with the reason being that it currently still holds the most value for the NFT market, accounting for 80% of all NFT sales volume in 2021⁷. It provides the largest base and higher consumption of users, with generally higher floor pricing and resale value of NFTs.

The company has plans in 2022 to launch on a secondary chain and ultimately offer multi-chain options for our users. The goal is to implement onto a less energy intensive blockchain, with lower transaction fees and much more environmentally friendly, all of which is needed when the platform and the HMX token is fully implemented, as it is expected to generate a high volume of daily transactions.

⁷ Cointelegraph NFT Report

5.3 Project Roadmap

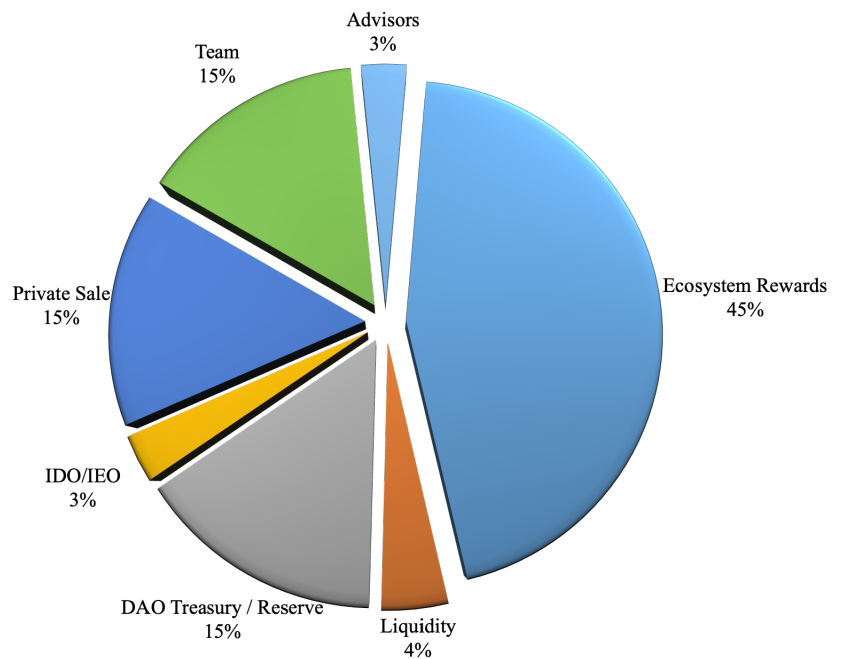


6. Tokenomics

Token Symbol: HMX

Total Supply: 1,000,000,000

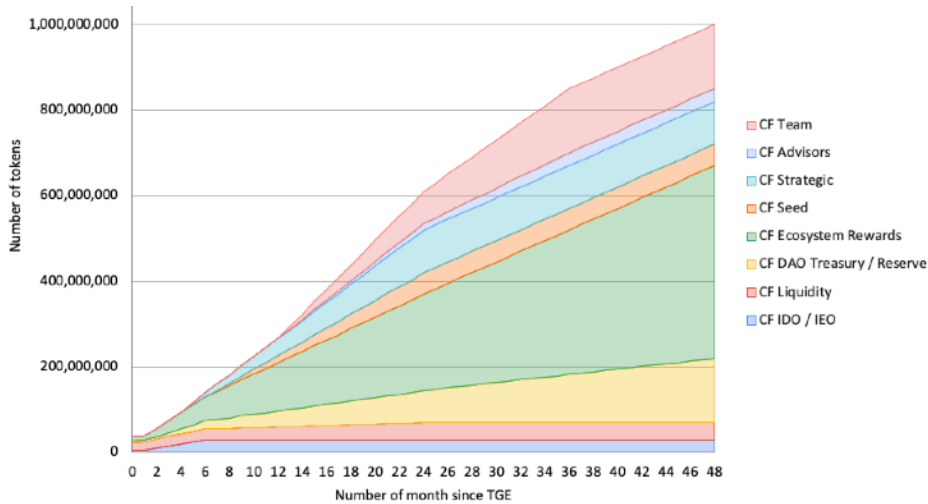
Token Allocation



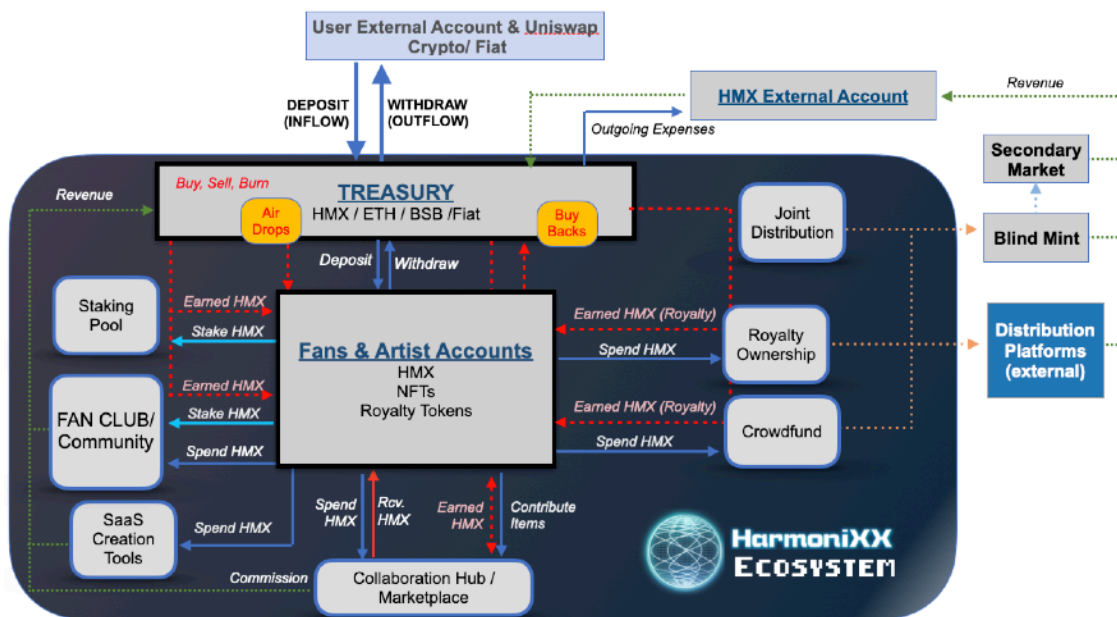
Token Utilities:

- Purchasing/Transacting NFTs on Platform
- Payment for exclusive fan content, merchandise & experiences
- Transacting on Resource Collaboration HUB
- SaaS Creation Tool Subscription Fees
- Staking & Rewards
- Buyback & Burning

Token Distribution



Token Circular Economy:



The diagram details all the inflow and outflows of HMX; the varied ways incentives are received; and details the revenue the ecosystem receives, both within its own platform and outside of it. The intent was to build a sustainable and stable ecosystem that provides valuable utilization for all of its users, both musicians and fans. The incentives further this objective by encouraging the users to continually play an active role in the ecosystem.

As the ecosystem provides multiple utilities for HMX, an emphasis was placed onto maintaining price stability, such as ensuring that there is an adequate repository of coins for matching the supply levels. As a result, the price of coins can be stabilized thereby encouraging users to use tokens for designated purposes. The range of different use purposes and incentives for both artists

and fans enables a high volume of transactions, entering and exiting the ecosystem. Incentives that specifically include both HMX and NFTs was designed to encourage users to continually deploy their HMX, thus increasing the inflow of HMX into the ecosystem and creating buying pressure, while simultaneously increasing HMX hold time (i.e. HMX holders are not cashing out immediately).

7. Investors & Advisors

HarmoniXX was inducted into Launchpad Luna Blockchain & Accelerator Program 2021, launched by Brinc and Animoca Brands, both of whom are equity shareholders of HarmoniXX.



Animoca Brands is a global leader in gamification and blockchain with a large portfolio of investments in NFT-related companies and decentralized projects that are contributing to building the open metaverse. A Deloitte Tech Fast winner and ranked in the Financial Times list of High Growth Companies Asia-Pacific 2021, It develops and publishes a broad portfolio of products including the REVV token and SAND token; original games including The Sandbox; and products utilizing popular IPs including Formula 1®, Disney, WWE, Power Rangers, MotoGP™, and Doraemon. The company has multiple subsidiaries, including The Sandbox, Blowfish Studios, Quidd, GAMEE, nWay, Pixowl, Bondly, and Lympo. Animoca Brands has a growing portfolio of more than 150 investments in NFT-related companies and decentralized projects that are contributing to building the open metaverse, including Axie Infinity, OpenSea, Dapper Labs (NBA Top Shot), Yield Guild Games, Harmony, Alien Worlds, Star Atlas, and others.

Brinc, headquartered in Hong Kong, Brinc is a leader in global venture acceleration, operating 18 multidisciplinary accelerator programs in 7 countries. Brinc accelerates startups focused on Internet of Things (IoT), blockchain technology, artificial intelligence, connected hardware, drones, robotics, clean energy and food technology all within a sustainability mandate. Brinc has a portfolio of 200+ companies with founders from over 38 countries.

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This document does not constitute or form any invitation of sale or subscription; nor does it promise payment, purchase or any investment in product or futures. Nothing in this document constitutes the basis for any contract or investment decision.

Non- contract

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