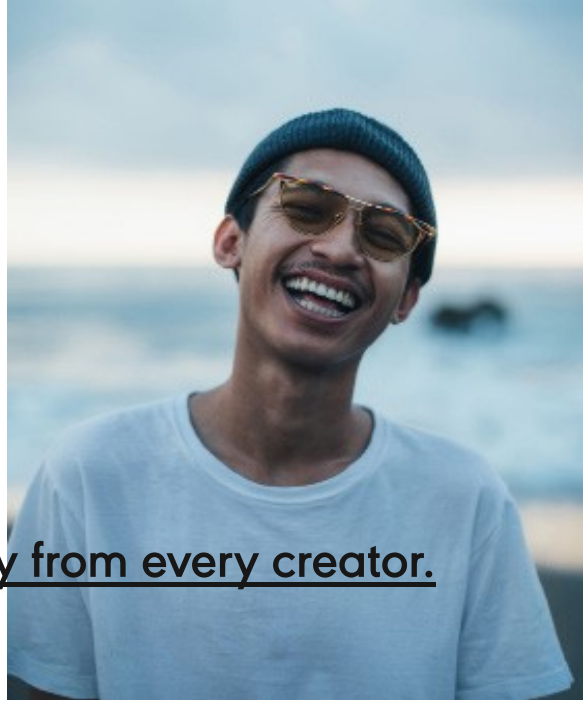
Contents



This is for every story from every creator.

From every background and every culture.

From every experience and every angle.

From every truth and every voice.

This is Leveller.

Abstract

Leveller™ envisions a world where all creators are empowered to tell their stories. Our mission is to enable fair and open entertainment financing and production by directly connecting creators, investors, and fans.

Currently, content production and finance in the entertainment industry is controlled by a powerful few. These same gatekeepers retain the lion's share of profits while limiting opportunities for creatives. This has resulted in an inefficient market network.

Leveller™ plans to disrupt the existing entertainment industry model by unlocking access to capital for creatives and investors alike.

Transparent project funding fueled by blockchain-based crowdinvesting and data-driven analytics will yield a profit for all stakeholders and energize the production of stellar projects.

The Trends
Visual Storytelling Consumption is Evolving

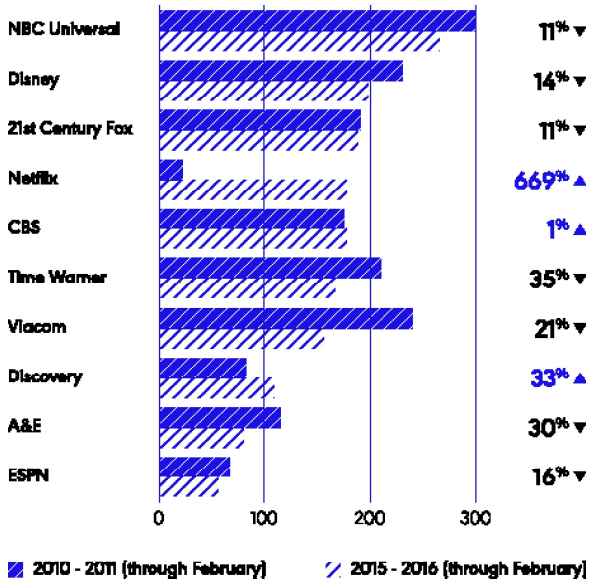


FIGURE 1

Monthly Minutes Delivered By Network Group, USA 2010/11–2015/16 (Billions)

Sources: Techcrunch[5]

Demand for Streaming Content Continues to Increase

While there have been consistent decreases in viewership across multiple TV networks over the past five years, demand for content continues to rise; the accumulated loss of viewership minutes hasn't offset the overall growth of viewership minutes.[1]

A major contributor to the overall growth in demand comes from over-the-top (OTT) providers. Netflix subscriptions have shown unflagging expansion from just 7.48 million subscribers in 2007 to a record 137.1 million subscribers in 2018. Worth mentioning is the distribution of those Netflix subscribers, with 27 percent being international.[2]

These numbers reveal an insatiable demand for content. Even under non-subscription streaming, Netflix continues to grow, and claims nearly 75 percent of OTT viewership.[3] Meanwhile, Hulu added more than 3

million subscribers in the first quarter of 2019 alone, while Netflix added 1.74 million paid subscribers in the same period.[4]

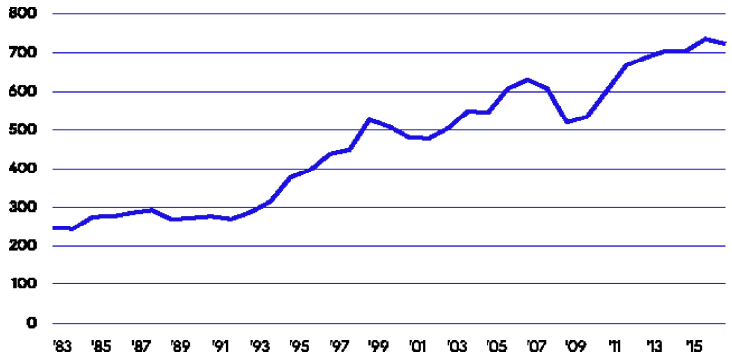
New Entrants (OTT) are Increasing Content Production

The sheer volume of movies and original scripted series per year showed a linear growth trend up to the 2000s. Rather than maintaining that growth trend, widespread access to internet connectivity and web-aware devices combined with a surge in OTT providers (like Netflix, Hulu, etc.) transformed that growth from linear to exponential in the most recent decade.[6]

FIGURE 2

Number of Movies Released Per Year, U.S. & Canada 1983-2015

Sources: Statista[9]



The volume of original scripted series produced per year in the U.S. continues to climb, with 2018 setting a anew record of 495 original series—a significant increase from the 520 originals predicted by FX CEO John Landgraf at the start of 2018[7], and a continuation of the upward trend kicked off in 2013, when Netflix entered the originals market and drove a 17 percent increase in total output.[8]

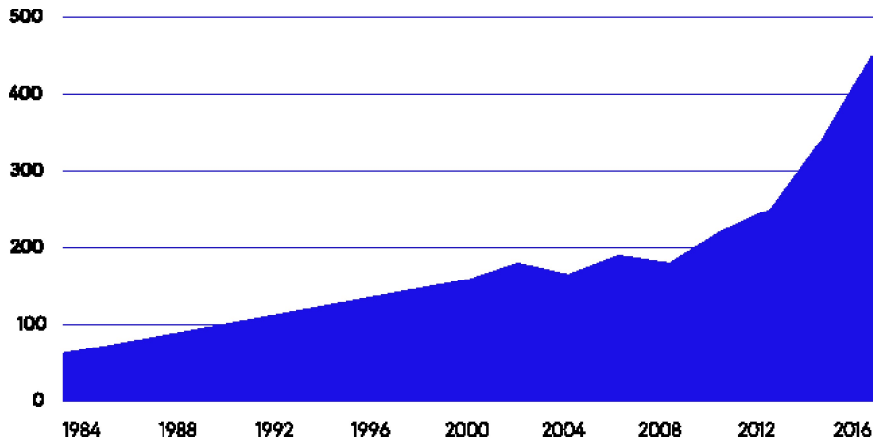


FIGURE 3

Number of New Original Scripted Series
Per Year, U.S. & Canada 1982-2016

Sources: Vulture[10]

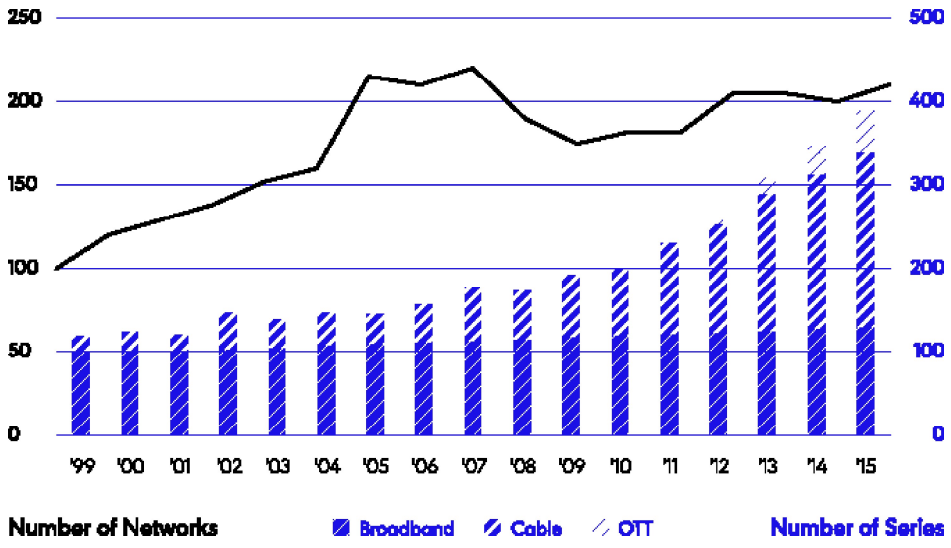


FIGURE 4

Volume of Primetime Original Scripted Series
Skyrockets, U.S. & Canada 1999-2015

Sources: MediaRedef

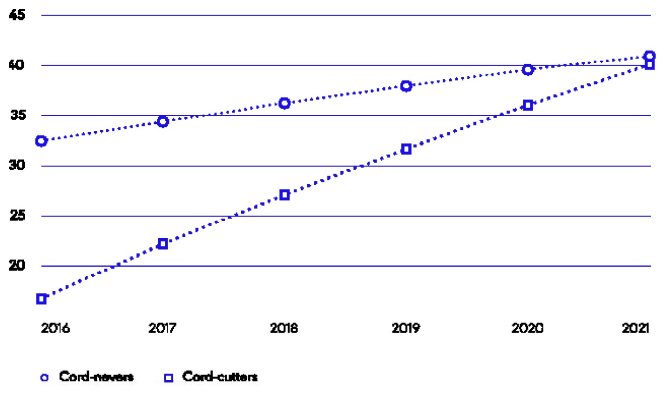
Broad Internet Availability Drives Consumer Reach & Behavior

As internet access grows, so too will the consumer base. In 2018, consumers who cancelled traditional pay-TV services without resubscribing climbed 32.8 percent, to 33.0 million adults. This is up from 24.9 million cord-cutters in 2017, and it demonstrates a huge increase over eMarketer's last estimate of 22 million cord-cutters.[11]

FIGURE 5

U.S. Pay TV Non-viewers By Type 2016-2021

Sources: eMarketer, July 2017[14]



"Younger audiences continue to switch to either exclusively watching [over-the-top] video or watching them in combination with free-TV options. Even the Olympics and [the U.S.] presidential election could not prevent younger audiences from abandoning pay TV," said Chris Bendtsen, senior forecasting analyst at eMarketer.[12]

This trend in growth carries for both fixed and mobile entertainment consumption, largely due to the unrelenting growth of internet access. With nearly half the world gaining access, a steady growth trend in those with access could mean 300 to 400 million new users each year—users that will be hungry for something to watch.[13]

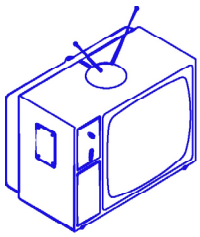
Note: Ages 18+; pay TV viewers are individuals who have access to traditional pay TV services; exclude IPTV and pure-play online video services (e.g. Hulu, Netflix, YouTube, Sling TV); pay TV nonviewers are individuals who no longer have access to traditional pay TV services or have never had access to traditional pay TV services.

Personalized Entertainment Creates Platform Retention & Niche Audiences

While the spread of internet access and appetite for entertainment have fueled increases in media consumption of all kinds, several subtle developments added to that fire. Machine learning and Search/Find/Serve-Up (SFS) algorithms have already shown remarkable traction in entertainment. From Netflix to Amazon, SFS and Search/Find/Obtain (SFO) product suggestions have kept viewers within clicking and tapping distance of their next show, purchase, or binge.[15]

FIGURE 6

Media Evolution
1950-2018



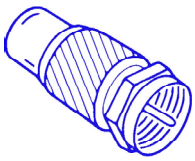
1950s – 1980s

Network Era

Cater to All

High Viewership

No Personalization



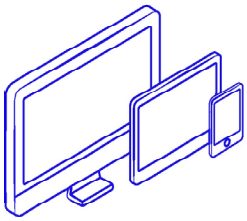
1980s – 2010

Cable Era

Broad Genres

Focus on Programming

No Personalization



Current

Digital Era

Cater to Sub-genres

Power users

A La Carte + Subscription

Not only do SFS/SFO algorithms pull downward on the market for Big Six productions, but they keep paying customers locked into their respective platforms, eliminating competition during the hunt for the next great viewing experience.

Ten years earlier, the niche and fan audience markets simply wouldn't have been possible. Thankfully, the success of suggestion algorithms has amplified the demand for production of personalized entertainment. Proof of the success of machine learning algorithms like SFS and SFO has already surfaced in the "you might also like" feature across markets, but the real benefit is in the power to develop highly accurate, segmented audiences.

FIGURE 7

From Give to Get

Sources: Kleiner Perkins.[15]

Google forged Search/Find/Obtain (SFO) for content and products. Netflix and Spotify then pioneered Search/Find/Serve Up (SFS) for Media.

NETFLIX	Spotify
98M Different Netflixes	126M Different Spotifys
$1B Cost savings per year from recommendations (12/15)	~58 Discover weekly streams in >1 year post-launch (5/16)

Global Consumption & Revenue from Global Sales is Rising

Trends in box office revenues solidify the opportunity and argument for an international production and funding platform. Projections based on existing growth show global, U.S., and Chinese box offices are ready to break records. It's estimated that by the year 2020, global box office sales will surge to $49.3 billion, with Chinese theaters on pace to collect $15 billion, surpassing even U.S. projections at over ten billion dollars.[16, 17]

FIGURE 8

Global Box Office Revenue 2016-2020 (Billions USD)

Sources: Camille's Movie Talk[17]

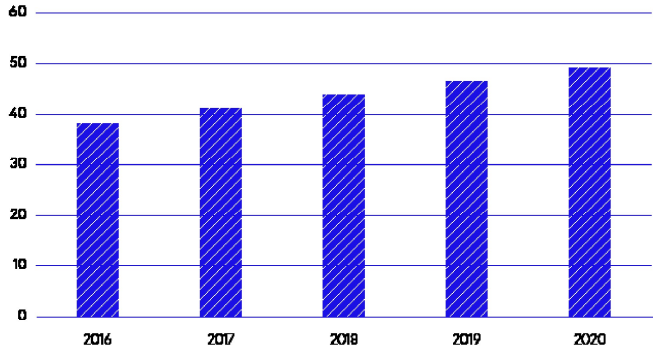
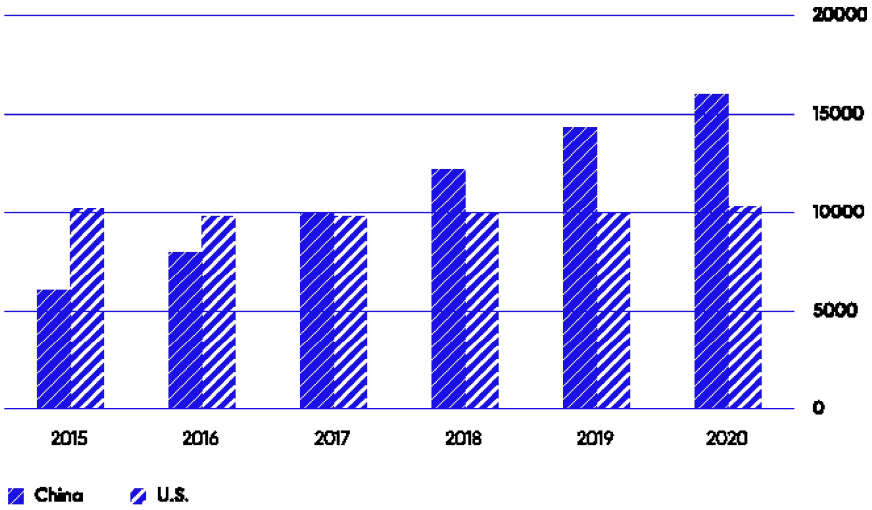


FIGURE 9

China and U.S. Box Office Revenue 2016-2020 (Millions USD)

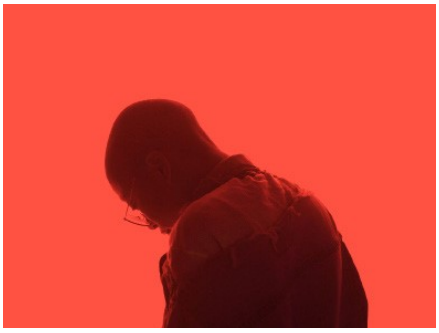
Sources: Camille's Movie Talk[17]



The Problem
Established Production Models are Slow to Adapt

For far too long, funding and production resources in the entertainment industry have been controlled by a select group of powerful entities that determine what kinds of stories get told and by whom. They also retain the vast majority of profits.

The end result is stifled creativity and a lack of diversity in visual storytelling, while outside investors are presented with few opportunities to get behind fresh, original content. As platforms and technology evolve to accommodate visual storytelling outside of traditional and increasingly global formats, opportunity is lost by those unwilling and unable to adapt.



The Market Network is Highly Inefficient

Today, content production functions within a highly inefficient market network, complicated and slowed down by logistical roadblocks and a select handful of powerful gatekeepers. The overall impact is stifled creativity within the industry, with high-potential productions all too often getting shelved or ignored.

The consequences of abiding by this framework are considerable. The rate of content production for studios and other avenues is limited, as only a few individuals are tasked with screening or creating large volumes of content; this includes sorting through agent submissions, internal brainstorming sessions, and the ongoing work of productions already in the pipeline.

Despite the constant proliferation of innovative visual storytelling ideas across the globe, the existing production framework can only produce a small fraction.

The Demographic Divide Between Gatekeepers & Consumers is Growing

Over time, the gatekeepers of content who seek to uphold the "Old Hollywood" paradigm have become less and less representative of the consumers they hope to attract.

According to a 2016 study, women directed only 4 percent of the 900 top-grossing films of the past decade; that same percentage was reflected in 2018 among the top 100 grossing

films, with 4 percent of films directed by women.19 As of 2019, the percentage of membership in the Director's Guild of America is 24.3 percent women, 4.8 percent African American, 3.8 percent Latino, and 2.6 percent Asian American.[20] Yet minority groups comprise large segments of the ticket-purchasing population and are often overrepresented in proportion to the overall demographic makeup of the U.S.; for example, in 2018, Latinos purchased 23 percent of the total tickets sold in the U.S., relative to their population standing of 18 percent[21].

As these oversights continue to stack up against the "Old Hollywood" model, the gates simply cannot hold.

"Big Six" Studios Continue Shift to Tentpole Franchises

The entertainment production business has taken a turn in the last five years, with major production studios (the "Big Six") turning to blockbuster and tentpole strategy as a means of limiting risk and ensuring some return on investment.

"Tentpole" or "blockbuster" strategy refers to an approach in which movies with four-quadrant appeal (men, women, girls, and boys) are produced and extensively marketed and merchandised. These mainstream, heavily merchandised movies are used to generate most of the profits for the studio[22] (though it should be noted that one of the primary factors in the sustained profit margins of these tentpole franchises is a steady increase in ticket prices). The Big Six are making record box office dollars; in 2018,

Paramount took in $3.18 billion; Disney took in $9.38 billion; NBC Universal took in $7.2 billion; 21st Century Fox took in $8.5 billion; Sony took in $9 billion; and Warner Media took in $8.5 billion[23].

Yet this trend has resulted in saturation of the four-quadrant tentpole movie market. Steven Spielberg famously remarked on the risk of tentpole strategy, stating "there's eventually going to be an implosion...where three or four or maybe even a half-dozen mega-budget movies are going to go crashing into the ground, and that's going to change the paradigm."[24] In that scenario, investment in tentpole strategy has considerable risk for the creatives involved, as well as those hoping to invest in the insatiable demand for entertainment. Early signs of tentpole market saturation played out in 2017 and 2018, as well-made franchises like The Mummy, Pirates of the Caribbean, and Transformers flopped or badly underperformed previous releases.[25, 26]

From a creative's perspective, tentpole strategy is grim; in Spielberg's remarks he reiterated the risk to creatives, saying that even proven talent will have trouble getting movies made.[24] Thus, the limited slate of non-four-quadrant movies feasible through an associated tentpole franchise leaves creatives looking for alternative methods of production.[27]

Existing Crowdfunding Platforms Still Pose Significant Limitations

Some content creators have opted to crowdfund their projects—with mixed results. While there are success stories, this approach is complicated and has multiple fail points. One

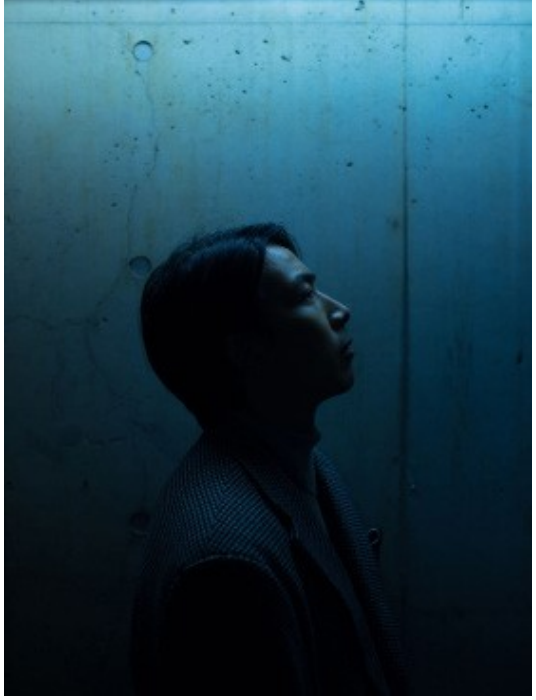
major failure point is accountability. Paying stakeholders and holding project creators accountable for their deliverables is paramount to the success of that project. Countless media projects have raised millions of dollars only to see them fail or disappear with no accountability and no finished product.

In short, the central issue in crowdfunding is that investors are unprotected, with little hope of recouping their investment. The problems that media project creators face are equally challenging. Kickstarter is rewards bassed - the contributions are not investors, and there is no expectation of recouping the donation amount. As a result, many creatives have zero access to large crowdfunding platforms, limiting the reach and diversity of their production funding.

Complicating the creative process, crowdfunding websites add multiple roadblocks to production and productivity in that projects are restricted from offering equity; most platforms keep 5 percent of all funding; payment processing fees can be an additional 3-5 percent; and additional fees for intermediaries, taxes, and professional services often yield a balance of only 60-70 percent of total funds raised for production.

Leveller™ aspires to be an entertainment-production platform that connects creators with investors across the globe. Blockchain-backed technologies streamline the proposal process, open up investment opportunities, and seamlessly integrate secure contracts and transactions.

Decentralizing the big-studio model means a more accessible and transparent production process that puts creative control and profits back where they belong: in the hands of brilliant creators and the investors who believe in them.



The Solution
A New Model For Crowdfunding & Financing

Global Crowdinvesting Connects a Broader Pool of Creators and Investors

The current industry model, in addition to existing crowdinvesting platforms, present creators with significant limitations regarding who is able to invest in projects and hold equity. Amidst the global rise in content consumption, Leveller™ intends to connect creators and investors all over the world, greatly expanding access to capital and returns on investment for all stakeholders.

Crowdinvesting Provides Opportunity for "Above-the-Line" Producer Credits

The Leveller™ platform is designed to earn investors more than just a potential return on their investment in projects posted to the platform. Higher level investors will have the opportunity to earn "above-the-line" producer credits. For example, creators can set investment levels tied to producer credits, such as Executive Producer, Producer, Co-Producer, and Associate Producer. These film credits can translate to other wide-ranging investor benefits—from legitimizing the investor's IMDB profile, to recognition on the festival circuit, to making his or her acceptance speech at the Emmys©, Golden Globes©, or Oscars©, should it receive critical acclaim and special recognition. However, every project investor, regardless of investment level, will have the opportunity to earn a potential ROI and build a signature portfolio from their chosen production investments.

A.I. Creates a More Efficient Funding Process

Leveller™ plans to utilize A.I. to evaluate the potential of a project as well as to create possible matches between creators and investors based on aligned interests; for example, investors interested in horror films are notified of any new horror project proposals, etc.

Leveller intends to develop A.I. that will help to give insights to the high quality projects within the Leveller™ ecosystem by evaluating project data, such as the script, title, and project genre, in the context of the current market.

Blockchain Transactions Open Up Investment Opportunities

The suite of technologies known as blockchain or distributed ledgers that have emerged in recent years offers a qualitatively different solution to executing crowd investing campaigns and other complex contracts. A blockchain is a distributed ledger containing a continuously growing list of records, called blocks, which are linked and secured using cryptography. Each block typically contains a hash pointer as a link to a previous block, a timestamp, and transaction data. By design, blockchains are inherently resistant to modification of the data and serve as a ledger that records transactions between two parties efficiently and in a verifiable and permanent way. Smart contracts, or code executed on the blockchain, bring significant advantages like low cost, immutability, transparency, irreversibility, and security.

Ethereum Smart Contracts Create Greater Transparency

Ethereum is an open source, blockchain-based, distributed computing platform that delivers smart contracts. Effectively, Ethereum is a distributed virtual machine that allows end users to construct complex smart contracts for transactions.

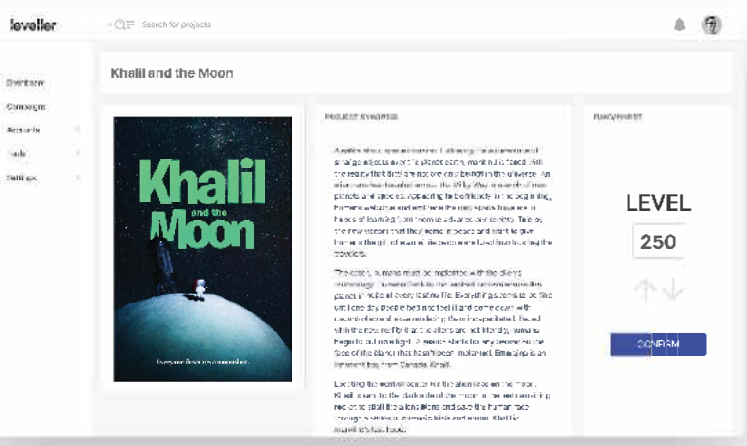
Smart contracts living on blockchain are always visible to all stakeholders and cannot be changed unless all stakeholders agree that the change is legitimate and approved. This transparency is currently lacking in legacy contract execution. Also, a smart contract can be executed automatically when one party engages in the contract; those "distributed ledgers" must agree that the terms have been met and can take actions based on an agreement that all is well. In other words: all parties must agree, or nothing changes. But once all parties agree, the contract can self-execute.

Smart contracts are "stateful" applications stored in the Ethereum blockchain. They continuously update as each person interacts with them, recording and updating the smart contract with any developments, agreements, or fulfillment conditions. Again, blockchain ensures that those changes are approved by consensus, making them transparent, self-executing, and far more efficient than manual contract fulfillment. Not only are Ethereum contracts self-executing, but they are cryptographically secure and can verify or enforce performance of the contract.

Token Technology Establishes Greater Security

In addition to complex smart contracts, Ethereum's platform can create digital assets called Ethereum tokens. Tokens are a standard feature of the Ethereum ecosystem and are often issued to the public through a crowd sale called a Token Generation Event (TGE); multiple TGEs have taken place recently, and in a short time, they have completely changed the way projects are funded. Token creators issue tokens to others in exchange for Ethereum's native token (called "Ether") and other digital currencies. Tokens are a critical feature of the Leveller™ platform and will be issued to eligible investors who make investments on the Leveller™ platform.

The Process



01

The Pitch

Creators use Leveller™ to upload projects, which are then evaluated by a robust suite of A.I.-powered technologies that ensure a high standard of visual storytelling content within the platform. Creators are qualified based on either established experience within the industry, or through a nomination process coupled with peer evaluation.

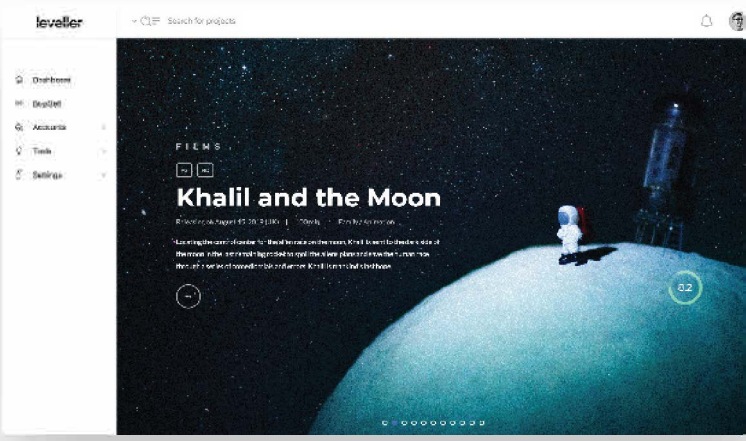
The end result provides clear risk-reward analysis for investors, who find projects and tailored opportunities based on personal insights, preferences, and strategies.

02

The Greenlight

Using the A.I.-generated matches as a jumping-off point, investors sign on to projects backed by Ethereum-based smart contracts to ensure transparent accounting and security. When funding is complete, the project moves into production.

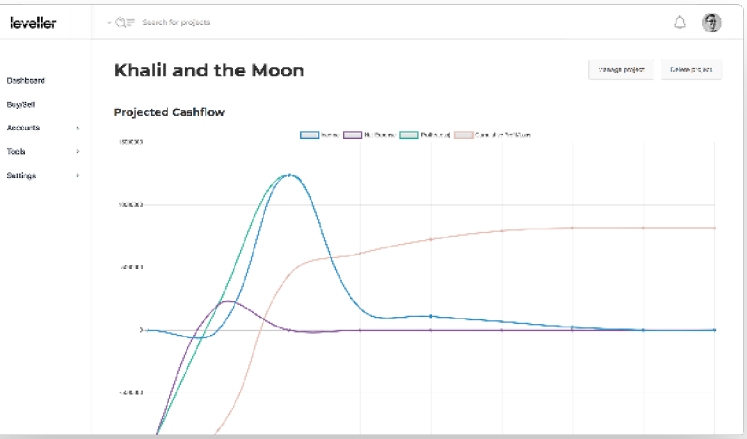
A platform usage fee is built into all creators' production budgets and applies to all funds raised during a project's crowdinvestment.

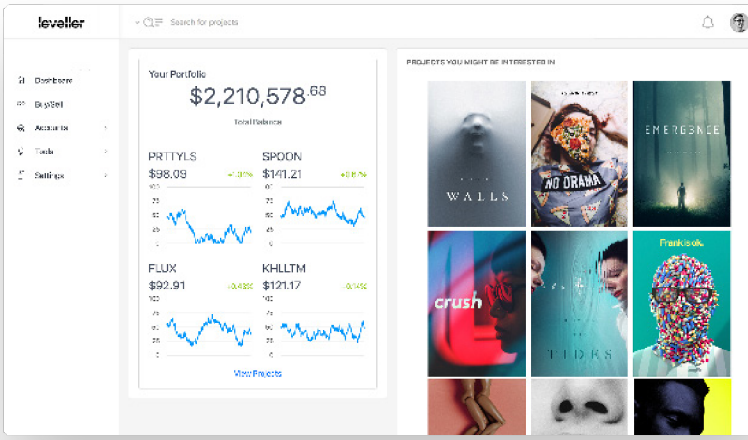


03

The Release

When production is complete, the project begins to make its way to screens across the globe, distributed through a mix of traditional and emerging channels, and leveraging broadened international exposure through the Leveller community.





04

The Returns

revenue is generated, payments to all stakeholders. Investors manage their portfolios with intuitive, easy-to-use tools.

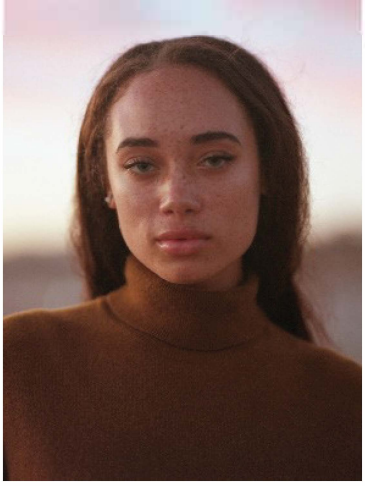
All investments will be memorialized in immutable and encrypted Ethereum smart contracts, settled and paid out according to clear and transparent terms and conditions laid out by the creator prior to a project's fundraising stage.

The Benefits to Creatives and Investors

Opportunity & Ownership

For the first time in history, in concurrence with a global rise in content consumption and significant shifts in the way visual storytelling is consumed, investment in the Hollywood industry and beyond is opened up around the world. New investment dollars will empower creators to produce visual media in a more creative, transparent, and equitable ecosystem.

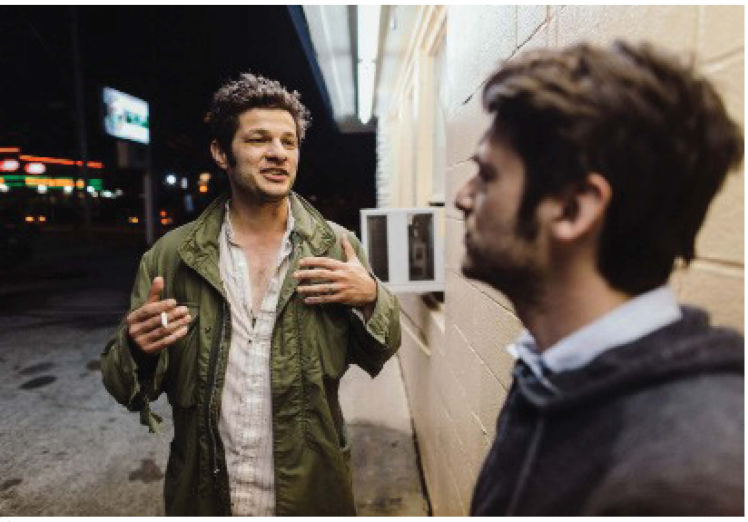
- Opens entertainment-industry investment to all
- Opens up resources and access for emerging visual storytelling formats
- Stakeholders control majority of profits
- Creators retain creative freedom



Transparency & Accountability

Blockchain-backed smart contracts and token technology are a simplified solution to the complexities of entertainment financing and production. This means lower costs, high-speed reconciliation, greater transparency, increased security, and greater control for all immediate stakeholders in the project.

Always on—no downtime
Greater control for all project stakeholders
Complex contracts become simple
Single source of the truth



Seamless Financing

Leveller™ harnesses the power of tokenization and cryptocurrencies; every project on the platform is initiated with an individual Token Generation Event, and all investments and returns can be issued in Ether, Bitcoin, or fiat. If a project does not meet its minimum funding threshold, investors are refunded. Upon the successful release of a project, payouts are secured by smart contracts, and blockchain ensures the terms and proceeds are fairly and honestly distributed among all stakeholders.

Opens up investment pool on a global scale
Faster deal execution
International market exposure

Partners

LEGAL

LEGAL

PR

BLOCKCHAIN &
INVESTMENT ADVISORY

VENTURE
CAPITAL

TOKEN
PARTNER

MARKETING
& PR

ESCROW &
CUSTODIAN PARTNER

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Disclaimer

Cautionary Note on Forward-Looking Statements

This white paper contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. The forward-looking statements are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These statements appear a number of places in this white paper and include statements regarding Leveller Entertainment's intent, belief, or current expectations with respect to Leveller Entertainment's business strategies, plans, and prospects, and future prospects of the industry. In many cases, but not all, forward-looking statements can be identified by forward-looking terms such as "aim," "believe," "could," "estimate," "expect," "intend," "may," "might," "outlook," "plan," "possibility," "potential," "probably," "project," "risk," "seek," "should," "target," "will," and similar terms. These forward-looking statements are based on current estimates and assumptions that Leveller Entertainment makes to the best of its present knowledge and are subject to risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, Leveller Entertainment's actual results, and the results of the Leveller™ platform and LVL™ token, may vary materially. Any forward-looking statements made by Leveller Entertainment in this white paper speaks only as of the date they are made. Leveller Entertainment undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as may be required by law.

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