LevelNet™

First Distributed Cyber Security Platform

EXECUTIVE SUMMARY

Company and Business Model

- LevelNet is a peer to peer collective cyber security network integrating all cyber protection resources available to individual users within the network. It is based on real-time data exchange for cyber-threats detected in the network. Initial threat detection is done by the protection software from various vendors already available/installed at the end-user devices. Once threat is detected by any single user the attributable data is shared immediately providing protection and clean up tool for the rest of the network members via LevelNet application.

- LevelNet will be distributed free until number of customers reaches 1 million after that we plan to introduce freemium model charging from $0,99 to $10 for add-on features as well as providing paid private API and SDK for corporate clients. Overall we expect approximately 70% of customers to use free LevelNet license.

ITO Rationale

Disruptive innovation:

- LevelNet is designed to become Global cyber-security platform. It encourages users to share their security capabilities to protect others and increase own protection. As new cyber-security systems emerge they seamlessly integrate into LevelNet network to further enhance overall protection. Coupled with our proprietary cloud based technologies LevelNet becomes essentially Global end-point cyber-protection system for consumers and corporations alike.

- LevelNet is innovative product able to disrupt currently prevailing on the market anti-virus business model. LevelNet addresses the most significant cyber-security problem to defend network perimeter where almost all available protection systems have efficiency problems. LevelNet will gather the most valuable data on latest hacker attacks from end-user devices staying constantly updated and becoming a unique source of threat intel. This will not only guarantee multiple times better protection (than current AV's) for regular end-user but also make LevelNet a unique security tool for corporate sector.

- LevelNet provides new opportunities for effective cyber-protection as well as new business ideas changing the way how current cyber-security products are developed, marketed, priced, and distributed.

Large addressable market:

- Global cyber-security market exceeds 400 billion dollars. Consumer anti-virus software segment is estimated to be over 25 billion dollars. It is expected to grow at a CAGR of 9.08% over the period 2016-2021.

Internet of Things (IoT):

- LevelNet is a "light weight" application utilizing minimum system resources. Given it's high efficiency this makes LevelNet uniquely positioned to become a top choice for IoT market.

Professional and motivated team:

- Our core team was forged during 10 years of cooperation in complex cyber-security software development projects. We have best talent in low-level programming, cryptology and compiler design, system programming, software architecture, binary hacking, malware design and analysis. Our software engineers have worked in the past for such industry leaders as Kaspersky, FireEye, AMD, Intel security, McAfee, Checkpoint and others

- The company is led by Pavel Shkliaev (successful entrepreneur and system architect) and Alex Bodiagin (cyber security engineer since 1996)

Value proposition capable of attracting millions of users:

- Our prototype based estimates show that LevelNet threat detection rate could be significantly higher than that of any standalone existing anti-virus software. Yet most of the the users will get LevelNet free or for at least 50 times less than paid annual anti-virus license (for example: $50 Kaspersky vs. $0,99 LevelNet premium version).

- LevelNet via its real time cyber-threat alert system provides preventive network perimeter protection. Preventive protection is a crucial problem in cyber-security. This is the area where all current systems are lagging behind.

- We plan to provide private Application Program Interface (API) for corporations to upload and check files against our data base as well as System Development Kit (SDK) to customize LevelNet to be used by corporations with extensive intranet and large number of on-line customers. Even when a freemium business model is introduced we still expect ¾ of LevelNet customers to use LevelNet for free.

Competition: multiple vendors and technologies. Time for aggregation:

- Our product is truly innovative and it does not have any direct competition. Elements of the LevelNet's technology and business ideas have been partially realized by companies such as Virustotal.com (acquired by Google), Checkpoint, CrowdStrike and others.

- Anti-virus software vendors are placed under pressure for efficiency by consumers suffering from hacker attacks, lost credit card info, bank accounts fraud etc. On the other hand new end-point technologies, cloud based system architecture, thin client applications and new operating system design reduce AV customer base in both consumer and corporate markets.

- There are more than 1,000 consumer anti-virus brands and over 3,000 cyber-security companies.

Financial Projections:

- We expect LevelNet to become profitable in the first year of freemium model introduction (2018/2019 FY).

- By September 2021 we project LevelNet to reach one hundred million users generating over $220 million is sales and providing over $80 million of free cash flows available for distribution to shareholders.

- Based on our valuation model we expect LevelNet to reach 1 billion dollars valuation in 2021-2022.

ITO Key Deal:

- Level Capital is the manager of the LevelNet community and guarantor of participant rights.
- LeveL Capital issues «LVL» tokens, which will only be distributed during the TOKEN OFFERING.
- Level Capital will create buyback funds and will use them to redeem tokens no later than 60 days after the date of the TOKEN OFFERING
- Level Capital will invest assets received during the TOKEN OFFERING in operations and infrastructure development for the final completion of LevelNet End-Point Security and its commercial launch
- LVL Tokens will be sold on CrytpoShare exchanges
- As the operator of the LevelNet project, Level Capital will at determined intervals redeem the tokens in exchange for cryptocurrency, quoted on cryptocurrency exchanges
- The investment phase of the project will be implemented in accordance with the road map.
- LevelNet Capital will create a British Virgin Islands investment fund with the possibility of raising funds and protect the rights of token owners. Once the fund is created, all holders of the LVL tokens will be able to exchange them for LVLS.
- Ownership of LVLS will allow participation in the sharing of the fund's profits starting in 2021. If the profits are not distributed or there are none, then the option will be given to increase share participation in the fund at an optional discount.
- During the second phase, LVLS will provide shares in the LevelNet project. LVLS can only be redeemed using LVL tokens. The financing needs in this phase (product release) ITO soft cap-$1.5M,hard cap aprox. $55M. The project is evaluated by the "Development and Implementation Fund".
- LevelNet Capital will maintain a register of token holders.