

# **Report on ARNA TDE**

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## Greeting Dear Friends!

Today we're appealing to everyone who supported ARNA Genomics in the period from 21st of Sept 2017 to 10th of Feb 2018 by:

- buying tokens
- volunteering, advising, sharing contacts, etc.

We also appealing to those who have met ARNA Genomics recently as a product, team, the mission.

Our principal position is to build honest and transparent relationships with our supporters, backers and investors.

Please read the press-release bellow summarizing the last round of ARNA Token Distribution Event (ARNA TDE)

### Several facts:

- Total raised:
  - 387.785452082744927518 Ether
  - 0.87027131 BTC
  - Almost \$50K in fiat currencies
  - Over 400 thousand US dollars were collected on the Presale
  - Signed contract with [Bankor](#), which allows to double liquidity raised on TDE

We're not going to play and adjust accounting, which could be represented as "We reached the softcap!". We declare that according to the current rate of Ether, we haven't raised planed softcap - \$1M USD.

## Introduction

We're not gonna lie you, we can allow ourselves only honest and long-term relationships with our community: investors, backers, supporters. We're building a demanding company with global humanistic mission on one of the biggest markets in next 15 years by the temp of grow and in absolute values - on a market of DNA diagnostics based on a method of liquid-biopsy (according to the 2017 City Bank review

<https://www.citivelocity.com/citigps/ReportSeries.action?recordId=65> and Goldman Sachs <https://www.youtube.com/watch?v=rmsYbLpMF8c>)

We're building a strong brand ready for an explosive growth through a franchising. And are sure that with an aggressive development scenario in next 5 years we will make up to 20M tests; and in next 10 years - 500M tests. And it's only talking about our first ARNA Breast Cancer test - just for one kind of cancer.

A soonly upcoming release of ARNA Panacea and the existing ARNA BC test will demonstrate a solid synergy of ARNA product system. By that example we're going to engage in cooperation many new biotech projects to accomplish their validation\* using blockchain.

Building ARNA we're following humanistic principles - building products able to improve quality of millions of lives.

As soon as the commercial product will be launched into retail, we promise to start a charity program according to which we will make up to 10% of the total amount of tests for free.

## PROGRESS REPORT

- In the period before the TDE - from 2013 to the middle of 2017.
  - We told a lot earlier - see, please, [our medium](#), section "[Documents](#)" on our website, or ask questions.
- for the period of TDE
  - The report on the work done, about the achieved results and current status.
- Also we will share with you our plans

### I. Before TDE

In 2017 we faced the necessity to apply blockchain:

- With 40 years background in molecular biology
- With 15 years experience in entrepreneurship
- As an international biotech startup found in 2013
- With a ready product - breast cancer early detection test accomplished blood plasma analysis in order to reveal amount of onco-specific DNA.
- With a strategic goals:
  - 1st test expansion to the global market
  - To develop tests for other types of cancer based on ARNA technologies
- With the current goal of fundraising in order to sponsor blind clinical trial with further official registration for medical usage.

Our need for the two first blocks of ARNA Panacea, that's how we called our blockchain ecosystem, solves the pains of our project:

- distrust to breakthrough innovations from venture investors, which takes place in a case of the entire technology is not completely disclosed
- as a result - lack of access to the funds enough for a sufficient validation of new DNA tests.

We have found a solution to these complex problems through the use of blockchain technology.

We hadn't stuck in the development of our project in the period before the TDE, but we progressed slower than we expected.

From the very start the project existed in thanks of the funds of the co-founders - the earliest investors. So, the time to make invest-round A has come.

As it often happens, there was a dilemma of "chicken or egg", in our case it sounds like: what is first, investment or proof? -

***"I will not give the investment until you prove it, but to prove it, you need an investment."***

Despite the lack of serious funding, the project was growing very organically in the period prior to ARNA tokenization in key areas: the prototype was being developed, the expertise in the onco-diagnostics market, the VC market, in team organization, business model, IP strategy, marketing, and commercialization were growing.

**Interesting fact.** During the launch of TDE we found an old document, a roadmap of the project designed for the Skolkovo fund at the earliest stage of the relationship, and were extremely surprised: in 4 years we passed all the terms for the key performance indicators (KPI) for all key tracks of the project, except for obtaining financing from Skolkovo.

### **Summary of the 1st stage (prior to TDE)**

We started TDE with a ready-made breakthrough biotech product, which had characteristics confirmed only in our laboratory on 220 blood samples, and with the goal of conducting official clinical trials and bringing the ARNA BC test to the market.

We decided to start the TDE, because:

- marketing became necessary,
- faced necessity in blockchain-based solution for major tasks of the project,
- time to attract more funds

Realized how the system will be developing in future, we formulated these ideas in WhitePaper 1.0 ([https://token.arnagenomics.com/ARNA\\_whitepaper\\_en.pdf](https://token.arnagenomics.com/ARNA_whitepaper_en.pdf)) and started the development of ARNA Panacea and preparation for TDE.

## **II. TDE**

We've done a lot of work, made an important progress in the development of the project, and many mistakes as well. However, the team members did not spend a cent as a salary!

During the time of the token:

- We released the first module of ARNA Panacea named "Blind Experiment for CC" - where collaboration of two roles is coded: a biotech product(e.g. ARNA BC) + an expert on investor side. The process of unblinding of ARNA BC test results is automated by being stored in ARNA Panacea blockchain. Starting from now, the results of all cancer tests will be recorded in ARNA Panacea blockchain, no matter if they are blinded samples for the "Proof-of-Concept" experiment for

an expert and an investor, or they are blinded samples in the official studies of the Medical Study or Clinical Trials.

- Informal but blinded experiments were conducted for our current investors in 2016 - the result was 97%
- We have seriously advanced in a classical way of proof of the effectiveness of our product - we've launched our first official blinded study in the First Moscow State Medical University named after I.M. Sechenov.
- The contract with MSMU was signed in November 2017, the actual execution began in late January 2018. In February, the ARNA laboratory will take the first blood samples in a scope of the trial. A study of 360 samples of healthy donors and sick patients in a mode where we analyze small groups of 30 samples one after another. Using the interface of ARNA Panacea it will be possible to observe the progress of the research in real time: as soon as the process of unblinding for any number of samples passes, all data will be stored in the blockchain from 2 sides: first - from the laboratory side; after signing the protocol of unblinding - on the the clinic side.
- Also, we're launching a study in the FSBU NMLs of oncology named after N.N. Petrov in St. Petersburg, the agreement is reached by both parties,
- ARNA is negotiating the launch of a large study in the biggest oncology center in Russia - Russian Cancer Research Center N.N. Blokhin in Moscow.
- Today, we are supported by a community of about 23,000 people - about 20,000 e-mail addresses have been left as applications, about 2,500 people follow us through our official communication channels. In addition, we have about 100 personal contacts, which we're are negotiating with.
- Our strong team made very big international roadshow: visited many events in Russia, 7 trips to Europe, 5 trips to USA, 2 trips to Asia, visited specialized conferences, we took prizes on the competitions between ICO projects at international conferences(e.g. 1st place at World Funding Summit in LA, CA), were invited to panel discussions as ideologists and practitioners of the digitalization of the health system - Blockchain-for-Healthcare.
- Launched the process of establishing our American company. ARNA BC Incorporated in the state of Delaware. One US charity announced its willingness to donate \$10M, once the company will be properly organized.
- Negotiations with a group of specific American institutional investors planning investments in the research and commercialization of ARNA products in the US market are at the final stage:
  - The first stage of an investment in US market of up to \$1 million covers the installation of a new ARNA laboratory in La Jolla, San Diego, California, the organization and conduct of a blinded independent experiment for world leaders on the topic of early detection of breast cancer by liquid biopsy and, in fact, for the group of US investors ready to invest \$ 20 million in the project based on the results of the experiment.

- We found partners to develop ARNA Panacea - our advisors: MD SOENKE BARTLING - Founder of Blockchain-for-Science; MD RON RIBITZKY and others (we still do not have the legal right to disclose many of them publicly, according to our agreements.) We will update the membership of our advisers as we formalize the relationship) - together we build an association, agreeing on the synchronization of approaches to principles and protocols in the areas of Blockchain-for-Healthcare, Blockchain-for-Science, Blockchain-for-Clinical Trials.
- Our team formulated a principle of the Proof-of-Research Protocol, which became the basement for ARNA Panacea.
- We have bypassed a large number of institutional investors - we currently have about 20 leads, negotiating investments from 500 thousand to 20 million US dollars in our project, and have to work with them in the nearest future. We are sure of the result: having gained the experience of the road show over the past six months, the team has perfected the presentation of a complex product: in fact, we have two complementary products.
- The conclusion: ARNA Genomics is interested to large institutional investors, which switch attention from financial technologies to the real-life sector. We need just a bit more time to finalize the process with them and gain the result.
- We have developed and designed a local and global business model, to the implementation of which we proceed:
  - "Local" means the launch of commercial ARNA laboratories that legally do wellness tests - providing consulting services, not being a medical test or from a division. As a medical test, the test will be provided in each individual jurisdiction after receiving a test registration from a local regulator. This model allows us to legitimately enter the market, and we expect to quickly gain statistics, since all impersonal results will be recorded in the blockchain, and the right to decide how effective the test was will be given to women who passed the test. The business model of the local ARNA laboratory lies at the heart of the franchise product that we are already promoting.

The core of the product: for each of the selected markets, a joint venture is established with the selected local partner. The joint venture is launching a production laboratory in the local partner region, one sample lab unit produces up to 30,000 thousand tests per year. Capital costs (capex) of a typical lab-block is less than 100 thousand US dollars (without taking into account that the necessary equipment can often be in clinics). Operating expenses (opex) a year at loading up to 80% - up to 150 thousand US dollars - basically a payroll and consumables.
- In addition to the pool of established leads among institutional investors, we have local partners interested in creating the joint venture (in India: an investor with a large network of 9,000 clinics and 170 million people in four states, in Russia, Mexico, USA, Singapore, Israel).

There are negotiations with a partner working with the community of 2.5 million middle-aged and older women around the world - this is our target audience for the ARNA BC test.

- During the TDE more than 300 blood samples of donors and patients with breast cancer were tested In ARNA research laboratory - **our statistics did not deteriorate.**

**Also, for the past period, we have got our 1st patent on hand!**

### ***Summary of TDE period***

We did not close the deal with the first major investor, which would allow us to confidently close the softcap. Our main mistake was the decision to open TDE before the first major investor was signed.

Nevertheless - we have a very strong product, strong science, a promising business model and a rapidly growing team.

We have a pool of investors, with whom we have to do our homework and close the deal. Experience suggests that as soon as we agree with the 1st, several other investors will decide to join, usually this is exactly the case;

The project remains on the market, ARNA products - tests and ARNA token will evolve.

Today, we have the opportunity to double the liquidity collected on TDE through a procedure with Bancor. Of course, if you combine the collected money with this amount on a presale - we reached softcap.

Also, we have agreed a set of documents with KICKICO, with help of which we could increase the liquidity level confidently above the softcamp.

Nevertheless, we decided not to extend this round, close it, and invite all those who supported us during this period **with 2 options:**

1. Since we did not reach softcap

*You have full rights to refund the money back in exchange for ARNA tokens.*

We will regret if you decide so, and we will try to convince you if you find it possible to communicate with us; however - it is your right, and we will provide a technical opportunity for you to receive money back to the same address from which the transaction was made in exchange for ARNA tokens.

It's time to say that the ARNA-1 tokens will never again be distributed under the same conditions as were during the previous period.

2. Another option is that you stay with us.

We will prepare and make another round, for which a new ARNA-2 tokens will be issued, with a number of new functions.

The old token:

- will stay utility
- could be converted to a new ARNA-2 token.

The properties of the ARNA-1 token are unique because of their price the ability to get the service first.

## OUR PLANS

Our major task is to make a deal with institutional investors before opening a new round of TDE. We practically packed the project, we have a pool of investors and key partners with whom we will make agreements.

We have prepared a financial model for ARNA expansion into the global healthcare market. Today we are absolutely sure that the ARNA protocols can be automated. In order to increase the release of the production unit, we started a project to automate the tests and expect to spend less than 6 months for prototyping a robot making ARNA BC tests.

No more than 2-3 people are required for operation of the robot, and the production capacity will be at least 100,000 tests per year for one automated laboratory unit. The cost of the machine will be around \$100K USD, and the operating costs will be reduced to \$50-70K USD per year. ARNA will provide such machines as a service, which will motivate the high performance of the machine, and the partner will be interested to load it the highest amount of work possible.

Based on the franchise model, we have prepared a development finance model in 11 of the world's largest countries (57% of the world's population). Depending on the funding in 3-5 years, we will be able to provide early cancer diagnosis services in most countries of the world.

Unfortunately, we're unable to disclose financial data of this financial model, as it can automatically be regarded by regulators as a promise of profitability, and our token will become a security one. However, we can provide these materials in case of your interest and signing of the corresponding set of documents: KYC + NDA.

We've also prepared a development scenario of the business, depending on the amounts of funds raised. In this document, we show only the expenditure part - the budget of the events, because of the mentioned risk of recognizing the ARNA token as security, we are not able to show the forecasted values of the potential revenue and profit.

At the top of the scenario are the actions that will be financed for the corresponding funds. There are detailed values for each line - can be provided in case of interest. The



At the bottom of the plan, as a reflection of the amount of investment in the project, you can see the amount of additional liquidity in the form of ARNA tokens, and at each of the stages you can see the priority plan for launching the functionality for different roles in the ARNA Panacea blockchain-based ecosystem. Today we already get services for ARNA tokens.

<https://docs.google.com/spreadsheets/d/1LmfYa-8NERjkBzjY1j3QMyjQzaZQNO8eSkJ7wHTgNY/edit?usp=sharing>

At the same time, we see 2 scenarios optimal for the next 3 years - by 20 million and by 40 million US dollars. Pay attention that for \$20 millions all the main processes of the company will be launched and an expansion to several markets will be done. For the another \$20 millions we will launch a legal regulatory path to the US market.

We've planned to list ARNA tokens on exchanges at March 2018, and we can still do it: if we start an execution of contract with Bancor, we will de facto be listed. Also, there are agreements with several smaller exchanges (e.g. Yobit).

time there will be key events for the development of the project, under which the token will not lose in value right after the listing.

**If you do not agree, we will refund your money or follow your interests.**

## **The New round**

We plan to prepare and implement another round of TDE. Both the preparation and the execution will be accomplished in 1-2 months each (1-2 months + 1-2 months)

We have almost production ready project, we are finalizing a set of documents for an institutional investor, we have about 20 leads among investors, we need to finish this work.

The plans are to collect a so-called "book of purchases" before start of the next round, and close it as soon necessary amount will be raised.

If you are ready to stay with us, we suggest you hold the ARNA tokens longer, since the value of the token is backed by each new test done. Confidence in the ARNA token will be strengthen with each experiment tracked in ARNA Panacea.

We promise to be honest with you, be generous with the one who supported us at an early stage. Yes, we made a lot of mistakes when carrying out the round of TDE, as they say in one proverb: "Who has never tasted bitter, knows not what is sweet"

We already know what to do and what not to do.

In the next week, we will be in permanent contact with each of you who wish to communicate, we invite to personal or public communication through our official communication channels - telegrams, emails, phones.

Please contact us!

***Thank you for supporting the project,***

***Together we will save many lives!***

## **Afterword**

Themes for disclosure in the near future:

- **How exactly do we propose to accomplish an exchange of tokens for tests.**
- **What is the VIP-Rewards Program and how will it work?**

By the way, we remind our respected backers who have bought ARNA tokens for more than 40 ETH that you are entitled to join the “ARNA Friends Club” - we invite you to get in touch with us on this topic.

*With respect and gratitude for the faith in our project,*

**ARNA Genomics Team**

**11th of February 2018.**