

Edgar Filing: Arch Therapeutics, Inc. - Form 8-K

- “ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

- “ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

- “ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

- “ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On September 30, 2013, Arch Therapeutics, Inc. (the “**Company**”) entered into (i) a Life Sciences Accelerator Funding Agreement with the Massachusetts Life Sciences Center (“**MLSC**” and such agreement, the “**MLSC Loan Agreement**”) pursuant to which MLSC has provided the Company an unsecured subordinated loan in principal amount of \$1,000,000 (such loan, the “**MLSC Loan**”); and (ii) a promissory note executed in favor of MLSC to evidence the indebtedness under the MLSC Loan (the “**Note**”). The MLSC Loan bore interest at a rate of 10% per annum, and was scheduled to become fully due and payable on the earlier of (i) September 30, 2018; (ii) the occurrence of a Default (as defined in the Note); or (iii) the completion of a sale of substantially all of our assets or a change-of-control transaction (a “**Qualified Sale**”), or one or more financing transactions in which we receive from third parties other than our then existing shareholders net proceeds of \$5,000,000 or more in a 12-month period (a “**Qualified Financing**”).

On September 28, 2016, the Company and MLSC entered into that certain Amendment Agreement to Arch Therapeutics, Inc. Accelerator Funding Agreement (the “**Amendment**”). Under the terms of the Amendment, (i) interest on the MLSC Loan will decrease from 10% per annum to 7% per annum beginning October 3, 2016; and (ii) the MLSC Loan will now become due and payable on the earlier of October 3, 2017 (the “**Maturity Date**”), the occurrence of a Corporate Event (which is defined as the occurrence of either a Qualified Sale or Qualified Financing), and the occurrence of a Default (as defined in the Note). In addition, under the terms of the Amendment, (a) beginning October 3, 2016, the Company will begin amortizing the principal and accrued interest under the MLSC Loan by making the first of 13 monthly payments of approximately \$106,022, with the last payment scheduled to occur on the Maturity Date; and (b) the term “**Qualified Financing**” is now defined to mean one or more financing transactions in which we receive, in a single transaction or series of transactions, cumulative net proceeds of not less than five million dollars (\$5,000,000) at any time after October 3, 2016. As a result of the Amendment, the Company expects to reduce interest expenses that would otherwise be incurred under the MLSC Loan Agreement by approximately \$232,000 due to the effect of the amortization payments and the lower 7% per annum interest rate.

The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the copy of the Amendment filed herewith as Exhibit 10.1 to this Current Report on Form 8-K (“**Form 8-K**”), which is incorporated herein by reference.

Notice Regarding Forward Looking Statements

This Form 8-K contains “forward-looking statements” as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements in this Form 8-K that are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, expectations or intentions regarding the future. These forward-looking statements are made as of the date this Form 8-K has been filed with the Securities and Exchange Commission, and we assume no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the

forward-looking statements. Although we believe that any beliefs, plans, expectations and intentions contained in this Form 8-K are reasonable, there can be no assurance that any such beliefs, plans, expectations or intentions will prove to be accurate. Investors should consult all of the information set forth herein and should also refer to the risk factors disclosure outlined in the reports and other documents we file with the SEC, available at www.sec.gov.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

Reference is made to the disclosure set forth in Item 1.01 of this Current Report on Form 8-K, which disclosure is incorporated by reference into this Item 2.03.

Item 9.01 Financial Statements and Exhibit

(d) Exhibits

Exhibit Description

10.1 Amendment Agreement to Arch Therapeutics, Inc. Accelerator Funding Agreement dated September 28, 2016 by and between Arch Therapeutics, Inc. and Massachusetts Life Sciences Center

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ARCH THERAPEUTICS, INC.

Dated: September 29, 2016 By: /s/ Terrence W. Norchi, M.D.
Name: Terrence W. Norchi, M.D.
Title: President, Chief Executive
Officer

Exhibit List

Exhibit Description

- 10.1 Amendment Agreement to Arch Therapeutics, Inc. Accelerator Funding Agreement dated September 28, 2016 by and between Arch Therapeutics, Inc. and Massachusetts Life Sciences Center