



# Arch Therapeutics, Inc.

OTCQB: ARTH

May 18, 2015  
Recent Price: \$0.21

## Market Data

Fiscal Year	September
Industry	Medical Devices
Market Cap	\$16.0M
Price/Earnings (ttm)	N/A
Price/Book (mrq)	N/A
Price/Sales (ttm)	N/A
Insider Ownership	25.4%
Shares Outstanding	76.1M
Equity Float	53.0M
Avg. Volume (3 mo.)	215,316

As of May 15, 2015

## Income Statement Snapshot

TTM

Revenue	\$0.0M
Operating loss	(\$5.1M))

## Balance Sheet Snapshot

	MRQ
Cash	\$0.6M
Debt	\$1.5M

## Company Website

<http://www.archtherapeutics.com/>

## Company Overview

Arch Therapeutics, Inc. is a medical device company developing a novel approach to stop bleeding (hemostasis) and control leaking (sealant) during surgery and trauma care. Arch is developing products based on an innovative self-assembling peptide technology platform to make surgery and interventional care faster and safer for patients. Arch's flagship development stage product candidate, known as AC5 Surgical Hemostatic Device (AC5)<sup>TM</sup>, is being designed to achieve hemostasis in minimally invasive and open surgical procedures.

## Value Proposition

ARTH is developing a potential blockbuster technology to treat the \$5 billion and growing hemostat and sealant market. This is a market with many flawed solutions, thus generating the need for a safe, effective, and easy to use solution. Surgeons and potential industry partners are looking for better products with novel mechanisms of action.

Preclinical studies to date support a strong efficacy and safety profile, as well as other differentiating characteristics of AC5 versus the competition. The Company anticipates high gross margins and a short time to commercialization, with the potential to generate a strong ROI for investors.

## Investment Highlights

- **Projected to enter European market in early 2016**
  - European clinical trial expected to commence in 1H15
- **Hemostat and sealant worldwide market revenues are projected to grow from \$4.5 billion in 2013 to \$6.7 billion in 2017 (10% CAGR)**
- **The projected cost per application of AC5<sup>TM</sup> is competitive**
  - Current relevant hemostat and sealant solutions sell from \$20 to \$500; AC5 is expected to deliver value equal to or greater than currently available solutions
- **Potential for high, biopharma type margins with relatively low, medical device capital requirements and a shorter medical device development timeline**
- **Current hemostat and sealant solutions have drawbacks that make them unideal solutions**
  - Biomaterials present safety, efficacy, and ease of use challenges
  - Time to hemostasis (TTH) for most competing products is measured in minutes
- **Excellent results in preclinical studies, including in animals on bloodthinners**
  - TTH with AC5 is faster than that reported by competing products
  - In a preclinical animal study, in which full thickness penetrating wounds were surgically created in rat livers, the average TTH after application of AC5 was significantly less than 30 seconds, whereas the average TTH after application of the cellulose product was approximately 4x longer
  - AC5 works well in presence of anticoagulants, which are taken by over 7 million Americans over age 65. AC5 stopped bleeding in animals treated with therapeutic doses of anticoagulants (blood thinners) as fast as it stopped bleeding in animals not treated with anticoagulants, and much faster when compared to controls.
  - *In vitro* safety tests on 282 known human receptor and enzyme targets, AC5 showed no interaction, supporting its safety profile and straightforward mechanism of action
- **Further possible usage in chronic cutaneous ulcers (diabetic foot ulcers, pressure ulcers, etc.)**
  - \$13 billion in annual wound management revenue