

ARC Group Worldwide, Inc.
Form S-1/A
February 07, 2018

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As filed with the Securities and Exchange Commission on February 7, 2018

Registration No. 333-221967

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

AMENDMENT NO. 3
TO

**FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

ARC GROUP WORLDWIDE, INC.

(Exact name of registrant as specified in its charter)

Utah
(State or other jurisdiction of
incorporation or organization)

3490
(Primary Standard Industrial
Classification Code Number)
810 Flightline Blvd.
Deland, FL 32724
(303) 467-5236

87-0454148
(I.R.S. Employer
Identification No.)

(Address, including zip code, and telephone number, including area code, of the registrant's principal executive offices)

Drew M. Kelley
Interim Chief Executive Officer
ARC Group Worldwide, Inc.
810 Flightline Blvd.
Deland, FL 32724
(303) 467-5236

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

Travis L. Gering
Wuersch & Gering LLP
100 Wall Street, 10th Floor
New York, NY 10005
Telephone: (212) 509-5050

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**As soon as practicable after this Registration Statement becomes effective.
(Approximate date of commencement of proposed sale to the public)**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated
filer

Accelerated
filer

Non-accelerated
filer

Smaller reporting
company

(Do not check if a
smaller reporting
company)

Emerging growth
company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 7(a)(2)(B) of the Securities Act.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed without notice. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale of these securities is not permitted.

**PRELIMINARY PROSPECTUS
SUBJECT TO COMPLETION, DATED FEBRUARY 7, 2018**

ARC Group Worldwide, Inc.

**Non-transferable Subscription Rights
to Purchase an Aggregate of up to 5,000,000 Shares of Common Stock at \$2.00 per Whole Share
Issuable upon Exercise of the Subscription Rights**

We are distributing, at no charge, to holders of our outstanding Common Stock, non-transferable subscription rights to purchase in the aggregate up to 5,000,000 shares of our Common Stock, \$0.0005 par value per share, which we refer to as "Common Stock" at a cash subscription price of \$2.00 per whole share for maximum gross proceeds of \$10,000,000. We refer to the offering of our Common Stock through the subscription rights as the "rights offering."

In the rights offering, you will receive one (1) subscription right for each one (1) share of Common Stock you hold as of 5:00 p.m. Eastern Standard Time, on February 6, 2018, the record date of the rights offering.

Each subscription right will entitle you to purchase 0.273 of shares of our Common Stock at a subscription price of \$2.00 per whole share, which we refer to as the "basic subscription right." The subscription price was determined by our board of directors (the "Board of Directors"). We will not issue fractional shares in the rights offering. You will not receive any rights in our rights offering unless you hold shares of our Common Stock at the close of business on the record date, which is 5:00 p.m. Eastern Standard Time, on February 6, 2018.

If you exercise your basic subscription rights in full and other shareholders do not fully exercise their basic subscription rights, we will grant you an over-subscription right to purchase, at the same subscription price of \$2.00 per share, additional shares of Common Stock that remain unsubscribed at the expiration of the rights offering. Over-subscription rights will be available only to shareholders who exercise their basic subscription rights in full. The over-subscription rights will be subject to availability and pro rata allocation of shares among shareholders exercising their over-subscription right.

You may exercise your subscription rights at any time beginning on the effective date of this prospectus and before the expiration of the rights offering, on February [•], 2018, at 5:00 p.m., Eastern Standard Time, which is 16 calendar days after the effective date of this prospectus, unless we extend the rights offering period, as determined at our sole discretion, for up to 30 calendar days.

We reserve the right to cancel the rights offering for any reason at our sole discretion any time before the expiration date. If we cancel the rights offering, any and all subscription payments that have been received by our Subscription Agent will be returned as soon as reasonably possible, without interest or penalty.

Broadridge Corporate Issuer Solutions, Inc. (referred to herein as "Broadridge" and the "Subscription Agent") will serve as the Subscription Agent for the rights offering. The Subscription Agent will hold in escrow the funds we receive from subscribers until we complete or cancel the rights offering.

We are directly offering the subscription rights and the shares of Common Stock issuable upon exercise of the rights, all of which are covered by this Registration Statement. We have not engaged the services of any underwriters or selling agents. We will bear all costs, expenses and fees in connection with the registration of the shares of Common Stock issuable upon exercise of the subscription rights.

Our Common Stock is traded on the NASDAQ Capital Market under the symbol "ARCW." The shares of Common Stock that we issue in connection with the rights offering will also be listed on the NASDAQ Capital Market under the same symbol. The subscription rights will not be listed for trading on the NASDAQ Capital Market or any other stock exchange or market. On February 6, 2018, the last reported sale price for our Common Stock was \$1.95 per share. As of the close of business on February 6, 2018, our Company had 18,305,982 shares of Common

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Stock issued and outstanding.

Neither our Board of Directors nor our management has made any recommendations regarding the exercise of your subscription rights. You may not revoke or revise any exercises of subscription rights once made, unless we cancel the rights offering. You should carefully read this entire prospectus and all information that we incorporate by reference before you make any investment decision. See the section in this prospectus under the caption: "Incorporation of Certain Information by Reference." **Investing in our Common Stock involves certain risks. See "Risk Factors" beginning on page 16 to read about factors you should consider before exercising your subscription rights.**

Upon completion of the rights offering, shareholders who do not fully exercise their basic subscription rights will own a smaller proportional interest in the Company than if they had timely and fully exercised their basic subscription rights.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2018.

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ABOUT THIS PROSPECTUS

In considering any decision regarding an investment in the shares which are the subject of this prospectus, you should rely only upon the information contained in this prospectus and the information that we incorporate by reference into this prospectus. We have not authorized any persons to provide you with information which is different from the information contained in this prospectus or the information that we incorporate by reference into this prospectus. We take no responsibility for, and can provide no assurances as to the reliability of, any other information that you may obtain from other sources. The information contained in this prospectus is accurate only as of the date on the front cover of this prospectus. Any and all information that we incorporate by reference is accurate only as of the date of the referenced document so incorporated.

This prospectus is an offer to sell only the securities that are offered hereby, and only where it is lawful to do so. This prospectus does not offer to sell, or ask for offers to buy, any shares of our Common Stock in any state or jurisdiction (within or outside the United States) where it would not be lawful or where the person making the offer is not qualified to do so.

This prospectus is part of a registration statement that we filed with the U.S. Securities and Exchange Commission (the "SEC"). Please carefully read both this entire prospectus together with all information that we incorporate by reference. See the section of this prospectus under the caption: "Incorporation of Certain Information by Reference."

Except as otherwise indicated herein or as the context otherwise requires, references in this prospectus to "ARC Group Worldwide," "ARC," "the Company," "we," "us," "our," and similar references refer to ARC Group Worldwide, Inc. and its subsidiaries. References in this prospectus to "Subscription Agent" refers to Broadridge.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents we incorporate by reference into this prospectus may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, about the Company and its subsidiaries. We intend the coverage of our forward-looking statements to be within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact, and can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "could," "should," "projects," "plans," "goal," "targets," "potential," "estimates," "pro forma," "seeks," "intends," or "anticipates" or the negative form of these terms or comparable qualifying words. The basis for our forward-looking statements includes our current expectations and a number of known and unknown risks and uncertainties that could cause actual outcomes to differ materially from our forward-looking statements. We caution readers not to place undue reliance on our forward-looking statements. In light of inherent uncertainties in forward-looking statements, the reader should not interpret inclusion of these statements as any representation by us or any other person that we will achieve or accomplish any of the matters expressed within the scope of any of our forward-looking statements. We assume no obligation to publicly update or revise our forward-looking statements or to advise of any changes regarding the basis of our assumptions and other factors relating to the forward-looking statements.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not complete and may not contain all of the information that you should consider before making any decision to invest in our Common Stock. Prior to making any investment decision, we encourage you to read the entire prospectus carefully, including the risks discussed in the "Risk Factors" section, as well as risk factors incorporated into this prospectus by reference to other documents. We also encourage you to review our financial statements and the other information that we provide in our periodic reports and other documents that we file with the SEC, as described under the caption: "Where You Can Find More Information."

Our Company

ARC Group Worldwide, Inc., a Utah corporation, is a global advanced manufacturer offering a full suite of products and services to its customers, with specific expertise in metal injection molding and metal 3D printing. These products are widely deployed in medical and dental device, defense and firearm, automotive, aerospace, and defense industries, among others. To further advance and support these core capabilities, the Company also offers complementary services associated with: (i) precision metal stamping; (ii) traditional and clean room plastic injection molding; and (iii) advanced rapid and conformal tooling. Through its diverse product offering, the Company provides its customers with a holistic manufacturing solution which incorporates speed to market in both the precision metal and plastic fabrication. Our Common Stock is traded on the NASDAQ Capital Market under the symbol "ARCW." The address of our principal executive office is 810 Flightline Blvd., Deland, FL 32724.

The Rights Offering

Securities Offered

We are distributing, at no charge, to holders of our outstanding Common Stock, non-transferable subscription rights to purchase in the aggregate up to 5,000,000 shares of our Common Stock, \$0.0005 par value per share. You will receive one (1) subscription right for each one (1) share of Common Stock that you own on the record date. Each subscription right will entitle you to purchase 0.273 shares of our Common Stock. We will issue shares of our Common Stock in the rights offering only in book-entry form. We will not issue stock certificates.

Subscription Price

The subscription price is \$2.00 per whole share, payable in cash. The subscription price was determined by our Board of Directors based upon a 10% discount to the closing price of our Common Stock on the record date, subject to a minimum subscription price of \$2.00 per whole share of Common Stock. To be effective, any payment related to the exercise of a subscription right must be received by the Subscription Agent before the expiration of the rights offering described below.

After the date of this prospectus, our Common Stock may trade at prices below the subscription price. In that event, our Board of Directors may change the subscription price of this offering or determine to cancel or otherwise alter the terms of the rights offering.

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Basic Subscription Right

Each subscription right will entitle you to purchase 0.273 shares of our Common Stock at a subscription price of \$2.00 per whole share (the "basic subscription right"). The Company will allocate to you, by reference to your percentage ownership of the Company on the record date, a proportionate number of the rights offered. See the section in this prospectus under the caption: "The Rights Offering The Subscription Rights Basic Subscription Right."

Over-Subscription Right

If you exercise your basic subscription rights in full and other shareholders do not fully exercise their basic subscription rights, you may also exercise an over-subscription right to purchase, at the same subscription price of \$2.00 per whole share, some or all of the unsubscribed shares of Common Stock that remain available at the expiration of the rights offering. If the number of remaining shares is not sufficient to satisfy all of the over-subscriptions, the available remaining shares will be prorated among those subscribers who exercise over-subscription rights in proportion to their respective basic subscription rights. See the section in this prospectus under the caption: "The Rights Offering The Subscription Rights Over-Subscription Right."

Record Date

5:00 p.m., Eastern Standard Time, on February 6, 2018.

Expiration of the Offering Period

5:00 p.m., Eastern Standard Time, on February [●], 2018 which is 16 calendar days after the effective date of this prospectus. We may extend, in our sole discretion, the expiration of the offering period for exercising your subscription rights for a period not to exceed 30 calendar days.

No Fractional Shares

We will not issue any fractional shares in the rights offering. You may only exercise your rights to purchase shares in whole numbers.

Use of Proceeds

We intend to use the net proceeds from the rights offering as additional capital for general corporate purposes. See the section in this prospectus under the caption: "Use of Proceeds."

Non-transferability of Subscription Rights

The subscription rights that we issue in the rights offering may not be sold, transferred or subject to any other disposition. See the section in this prospectus under the caption: "The Rights Offering Non-transferability of Subscription Rights."

No Board Recommendation

Our Board of Directors is making no recommendation regarding your exercise of the subscription rights. You should carefully consider all relevant facts and circumstances in determining whether or not to exercise your subscription rights. See the section in this prospectus under the caption: "Risk Factors" for a discussion of some of the risks related to exercising your subscription rights and investing in our Common Stock.

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No Revocation

Except in the event we make a fundamental change to the terms and conditions of our rights offering, your exercise of subscription rights will be irrevocable, even if you later change your mind about exercising your subscription rights. The irrevocability of your exercise will apply even if new information comes to your attention or if the market price of our Common Stock falls below the subscription price of \$2.00 per whole share. Your exercise of the rights will also remain irrevocable if the authorized period for the rights offering is extended by our Board of Directors. You should not exercise your subscription rights unless you are certain that you wish to purchase shares of our Common Stock at the subscription price of \$2.00 per whole share.

Extension

We reserve the right to extend the rights offering period for a period not to exceed 30 calendar days. If we decide to extend the rights offering period, we will issue a press release announcing the extension in advance of the expiration of the rights offering period. We may also extend the duration of the rights offering period if applicable law or regulations require us to do so. Our Board of Directors has broad discretion regarding any and all determinations whether or not to extend the rights offering period. See the section in this prospectus under the caption: "The Rights Offering Expiration Date, Extension, and Amendments."

Cancellation

Our Board of Directors may at its sole discretion cancel the rights offering at any time before the expiration of the rights offering period. If we cancel the rights offering, we will issue a press release notifying all of our shareholders of the cancellation. If we cancel the rights offering, the Subscription Agent will promptly return all subscription payments, without interest or penalty, as soon as reasonably possible after the cancellation date. See the section in this prospectus under the caption: "The Rights Offering Expiration Date, Extension, and Amendments."

Amendment

Our Board of Directors reserves the right to amend or modify the terms of the rights offering. The amendments or modifications may be made for any reason. These changes may include, for example, changes to the subscription price or other matters that may induce greater participation by our shareholders in the rights offering. See the section in this prospectus under the caption: "The Rights Offering Expiration Date, Extension, and Amendments."

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Fundamental Changes

If we make any fundamental change to the terms of the rights offering after the date of effectiveness of this prospectus, we will file a post-effective amendment to the registration statement in which this prospectus is included and offer subscribers the opportunity to cancel their subscriptions. In such event, if you have subscribed to purchase shares in the rights offering and request a refund, we will issue the refund to you and recirculate an amended prospectus after the post-effective amendment is declared effective with the SEC. If we extend the expiration date of the rights offering period in connection with any post-effective amendment, we will allow holders of rights a reasonable period of additional time to make new investment decisions on the basis of the new information set forth in the amended prospectus that will form a part of the post-effective amendment registration statement. In such event, we will issue a press release announcing the changes to the rights offering and the new expiration date. See the section in this prospectus under the caption: "The Rights Offering Expiration Date, Extension, and Amendments."

Procedures for Exercising Rights

To exercise your subscription rights, you must complete the subscription rights certificate and deliver the certificate to the Subscription Agent before the expiration of the offering period. Your subscription must include full payment for the exercise of all of your basic subscription rights and all over-subscription rights that you wish to exercise. For details regarding the procedure and requirements for exercising your subscription rights, see the section in this prospectus under the caption: "The Rights Offering Method of Exercising Subscription Rights"

You may deliver the subscription documents and payments by mail or overnight commercial carrier. If regular mail is used for this purpose, we recommend that you use registered mail, properly insured, with return receipt requested.

Brokerage Account Shareholders

If you are a beneficial owner of shares that are registered in the name of a broker, dealer, bank or other nominee, and you wish to participate in the rights offering, you should immediately instruct your broker, dealer, bank or other nominee to exercise your subscription rights on your behalf and deliver all required documents and payment before the expiration of the rights offering period.

Guaranteed Delivery Procedures

If you are not able to deliver your rights certificate to the Subscription Agent before the expiration of the rights offering period, you may follow the procedures that we describe in the section of this prospectus under the caption: "The Rights Offering Guaranteed Delivery Procedures."

Minimum Subscription Requirement

You may exercise your rights in the full amount of your allocation or in any partial amount that you determine. We have not set any minimum subscription amount.

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No Obligation to Participate in the Rights Offering

You are under no obligation to exercise your rights to subscribe for any shares in the rights offering. If you choose not to participate in the rights offering, you do not have to take any special action to decline to participate.

Backstop Purchasers

Weintraub Capital Management, L.P. ("Weintraub"), Zori Investment Limited ("Zori"), Kurt Butenhoff ("KB"), and Everest Hill Group Inc. ("Everest Hill") (each, a "Backstop Purchaser" and, collectively, the "Backstop Purchasers") have severally agreed with us, as of February 6, 2018, to exercise their respective basic subscription rights in full (the "Basic Commitment," or collectively, the "Basic Commitments") and to purchase substantially simultaneously with the completion of our rights offering, in the aggregate, 100% of all remaining available shares not otherwise subscribed as basic subscriptions or over-subscriptions in the rights offering (the "Backstop Commitments"), subject to the aggregate of each Backstop Purchaser's total investment limit (each, a "Total Commitment Amount"). The respective Total Commitment Amount consists of the aggregate amount in U.S. dollars committed by each Backstop Purchaser in respect of such purchaser's commitment to purchase shares of Common Stock in the rights offering pursuant to its basic subscription right, its over-subscription right, and its Backstop Commitment. As of February 6, 2018, we have entered into agreements with each Backstop Purchaser (each a "Backstop Agreement" and, collectively, the "Backstop Agreements"), under which we have agreed to issue and sell to each Backstop Purchaser, and each Backstop Purchaser has agreed to purchase from us, at the price per share equal to the subscription price, shares of our Common Stock equal to the number of shares that are not subscribed for in the rights offering, subject to the terms and conditions and limitations of the respective Backstop Agreement and the respective Total Commitment Amount. As of February 6, 2018, Weintraub has agreed that its Total Commitment Amount shall be \$1,000,000; Zori has agreed that its Total Commitment Amount shall be \$250,000; and KB has agreed that its Total Commitment Amount shall be \$250,000. Everest Hill has no maximum Total Commitment Amount and as of February 6, 2018, has agreed to purchase any and all remaining available rights offering shares after exercise of all basic subscription rights, over-subscription rights and Backstop Commitments by all other shareholders of the Company.

Everest Hill has been a major shareholder of the Company since 2008. As of the record date for this rights offering, Everest Hill, together with its affiliates, beneficially owns approximately 49.8% of our Common Stock; Zori, Weintraub and KB are each beneficial owners of less than 1% our Common Stock.

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Backstop Agreements

We have entered into the Backstop Agreements with each of the Backstop Purchasers. The Backstop Agreements set forth, among other things, the terms of the Backstop Purchasers' Basic Commitments and Backstop Commitments. The Backstop Purchasers' obligations under the Backstop Agreements are subject to various conditions as described in the section of this prospectus under the caption: "The Backstop Agreements."

Basic Commitments

Pursuant to the respective Backstop Agreements, the Backstop Purchasers have agreed to exercise their respective basic subscription rights in full (each, a "Basic Commitment," and collectively, the "Basic Commitments".)

Backstop Commitments

Subject to the terms and conditions set forth in the Backstop Agreements, the Backstop Purchasers have severally agreed to purchase from us, substantially simultaneously with the completion of the rights offering, in the aggregate, all of the available shares not otherwise sold in the rights offering following the exercise of all holders' basic subscription rights and over-subscription rights, at the same subscription price of \$2.00 per whole share, equal to the rights offering subscription price for all other shareholders of our Company, subject to the aggregate of each Backstop Purchaser's total investment limit (each, a "Total Commitment Amount"). The respective Total Commitment Amount consists of the aggregate amount in U.S. dollars committed by each Backstop Purchaser in respect of such purchaser's commitment to purchase shares of Common Stock in the rights offering pursuant to its basic subscription right, its over-subscription right, and its Backstop Commitment. We refer to the subscription commitments of the Backstop Purchasers to purchase shares of Common Stock not otherwise sold in the rights offering as a "Backstop Commitment," and collectively, as the "Backstop Commitments".

Backstop Purchasers' Total Commitment Amounts

As of February 6, 2018, Weintraub has agreed that its Total Commitment Amount shall be \$1,000,000; Zori has agreed that its Total Commitment Amount shall be \$250,000; and KB has agreed that its Total Commitment Amount shall be \$250,000.

As of February 6 2018, Everest Hill has not limited its Total Commitment Amount and has agreed to purchase any and all remaining available rights offering shares after exercise of all basic subscription rights, over-subscription rights and Backstop Commitments by all other shareholders of the Company.

The Backstop Closings

The Backstop Commitments will close substantially simultaneously with the completion of our rights offering, thus assuring the sale of all remaining available rights offering shares not otherwise subscribed in the rights offering.

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Backstop Consideration

No Backstop Purchaser will receive any compensation for its Backstop Commitment.

Backstop Purchasers' Share Ownership

As of the record date for the rights offering, Everest Hill, together with its affiliates, beneficially owns approximately 49.8% of our Common Stock; Zori, Weintraub and KB are each beneficial owners of less than 1% our Common Stock.

Exclusion of Backstop Commitment shares from Registration

We will issue the Backstop Commitment shares to each Backstop Purchaser on a private basis in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). We are not registering any of the Backstop Commitment shares in the registration statement of which this prospectus forms a part.

Registration Rights

We have entered into Registration Rights Agreements with each of the Backstop Purchasers (each a "Registration Rights Agreement" and collectively, the "Registration Rights Agreements"). Under the terms of the Registration Rights Agreements, each Backstop Purchaser may request the Company to register their Backstop Commitment shares for resale beginning six (6) months after the closing of the rights offering.

Shares of Common Stock Outstanding as of the Record Date

18,305,982 shares of our Common Stock are outstanding as of the record date.

Shares of Common Stock Outstanding After Completion of the Rights Offering

If our rights offering is fully subscribed, we expect to issue approximately 5,000,000 shares of Common Stock.

If our rights offering is fully subscribed, we would have approximately 23,305,982 shares of Common Stock issued and outstanding at the closing of the rights offering.

Delivery of Shares

Any shares you elect to purchase in the rights offering will be delivered to you or your broker as soon as reasonably possible following the closing of the rights offering.

Market for Common Stock

The Company's Common Stock is listed and trades on Nasdaq Capital Market under the symbol "ARCW."

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U.S. Federal Income Tax Considerations

It is the opinion of our tax counsel, Wuersch & Gering, LLP, that the distribution of subscription rights to U.S. holders of our Common Stock or of rights to acquire shares of our Common Stock should be treated, for U.S. federal income tax purposes, as a non-taxable distribution under Section 305(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder. However, there is a lack of authority addressing the application of the Code to distributions of subscription rights and your receipt of subscription rights may be treated as a taxable distribution. We urge you to consult with your own tax advisor regarding the facts and circumstances of your own tax situation. See, "Risk Factors The receipt of subscription rights may be treated as a taxable distribution to you." See also, "Material U.S. Federal Income Tax Consequences."

Subscription Agent

Broadridge will act as our subscription agent in connection with the rights offering. You may contact Broadridge directly with any questions or comments toll-free at (855) 793-5068.

Foreign Holders of Registered Common Stock Certificates

The Subscription Agent will not mail rights certificates to you if your address is outside the United States or if you have an Army Post Office or a Fleet Post Office address.

Foreign shareholders will receive written notice of the rights offering. The Subscription Agent will hold the rights to which those subscription certificates pertain for those shareholders' accounts until instructions are received to exercise the rights, subject to applicable law.

Risk Factors

If you are considering making an investment by exercising subscription rights in the rights offering, you should carefully read the risks and other information set forth in this prospectus in the section under the caption: "Risk Factors" beginning on page 15 of this prospectus. You should also carefully review the documents incorporated by reference into this prospectus, and the risks that we discuss in other sections of this prospectus.

Questions

We answer some of the common questions that we anticipate shareholders may ask about the rights offering in the section below. See the section in this prospectus under the caption: "Questions and Answers About the Rights Offering."

Escrow of Funds

The Subscription Agent will hold in escrow the funds we receive from subscribers until we complete or cancel the rights offering. If you are the record holder of your shares and you wish to participate in the rights offering, you must submit all of your subscription documents to the Subscription Agent in a timely manner and assure receipt of payment by the Subscription Agent prior to the expiration of the rights offering.

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QUESTIONS AND ANSWERS ABOUT THE RIGHTS OFFERING

The following are examples of common questions that we expect to receive from shareholders and their representatives regarding our rights offering. The following questions and answers are inherently limited in scope and do not contain all of the information that may be important to you and may not address all of the questions that you may have about the rights offering. This prospectus and the documents that we incorporate by reference herein contain many details regarding the terms and conditions of our rights offering and provide additional information about us and our business, including potential risks related to subscribing for shares in our rights offering, the shares of our Common Stock and our business.

What is the rights offering?

The rights offering is our distribution to holders of our outstanding Common Stock of non-transferable subscription rights to purchase additional shares of our Common Stock. The number of basic subscription rights that we offer to each shareholder is proportional to their pre-offering equity ownership percentage interest in our Company. The price for exercise of the rights and subscription for the purchase of shares of our Common Stock is \$2.00 per whole share, that was set by our Board of Directors at 10% discount to the closing market price of our Common Stock on the record date, subject to a minimum price of \$2.00 per whole share. The rights offering will enable our shareholders to maintain or possibly increase their current equity interest ownership percentage in our Company. There is no charge to shareholders related to the distribution of the subscription rights. All references in this prospectus to the rights offering subscription price of \$2.00 per share refer to the price per whole share.

Why are we conducting the rights offering?

We are conducting the rights offering to raise additional capital for general corporate purposes. See the section of this prospectus under the caption: "Use of Proceeds."

Who may participate in our rights offering?

Only shareholders of our Company as of 5:00 pm on the record date of February 6, 2018, may participate in the rights offering.

How many rights will I receive?

On the record date, we will grant you one (1) subscription right for each one (1) share of our Common Stock that you own at the close of business on the record date. Each subscription right will entitle you to purchase 0.273 shares of our Common Stock at a subscription price of \$2.00 per whole share. The Company will allocate to you, by reference to your percentage ownership of the Company on the record date, a proportionate number of the rights offered.

Will fractional shares of Common Stock be issued upon exercise of the subscription rights?

No. We will not issue fractional shares of Common Stock. If you exercise your subscription rights in a manner that would result in the issuance of fractions of a share, the number of shares that you may purchase will be rounded down to the nearest share.

What if I own my stock through a brokerage account or similar nominee account?

If you hold your shares in the name of a broker, dealer, bank or other nominee and you wish to participate in the rights offering and purchase shares of our Common Stock, please contact your broker, dealer, bank or other nominee as soon as possible. You should complete and return to your nominee the form captioned: "Beneficial Owner Election Form." You should receive the form from

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your broker, dealer, bank or other nominee with the other rights offering materials. We assume no responsibility in respect of the timely administration of your broker, dealer, bank or other nominee to perform its obligations on your behalf.

What is the basic subscription right?

The basic subscription right provides you with the right to purchase 0.273 shares of our Common Stock at a subscription price of \$2.00 per one whole share. At your own choosing, you may exercise some or all of your basic subscription rights. You may also elect not to exercise any subscription rights at all.

What is the over-subscription right?

If all shareholders do not exercise their basic subscription rights, the shares underlying those rights will become available for over-subscription by other shareholders. The over-subscription right is only available to shareholders who exercise their basic subscription rights in full. The over-subscription right to purchase shares will be made available, at the same subscription price of \$2.00 per share, up to the remaining number of unexercised basic subscription rights, if any.

If the number of unsubscribed shares of Common Stock are not sufficient to satisfy the exercise of all over-subscriptions, the over-subscription rights will be subject to pro rata allocation of available shares among shareholders exercising their over-subscription rights.

If you wish to exercise your over-subscription rights, you must deliver the subscription payment for the exercise of your over-subscription right either together with the exercise of your basic subscription right or at the latest prior to the expiration of the rights offering.

We will not know the total number of unsubscribed shares before the expiration of the rights offering. Therefore, if you desire to exercise your over-subscription rights, you will need to deliver the sufficient payment covering your exercise of all basic subscription rights and all over-subscription rights prior to the expiration of the offering period. In the event you submit any payments for over-subscriptions that we cannot satisfy, the Subscription Agent will return to you any excess payments without interest or penalty as soon as reasonably possible after the expiration of the rights offering. See the section in this prospectus under the caption: "The Rights Offering The Subscription Rights Over-Subscription Right."

How was the subscription price determined?

The subscription price was determined by our Board of Directors on the basis of a 10% discount to the closing price of our Common Stock on the record date, subject to a minimum subscription price of \$2.00 per share of Common Stock. In making its determination, the Board considered many factors, including the historical and current trading prices of our Common Stock, as well as current trends and conditions in capital markets. The subscription price was not determined on the basis of any investment bank or third-party valuation that was commissioned by the Company. The Board of Directors reserves the right, exercisable in its sole discretion, to change the subscription price of the rights offering or determine to cancel or otherwise alter the terms of the rights offering. See the section in this prospectus under the caption: "The Rights Offering Expiration Date, Extension, and Amendments."

May I transfer my subscription rights?

Neither the basic subscription rights nor the over-subscription rights are transferable by you. You may not sell, give away or otherwise transfer your subscription rights. However, subscription rights may be assigned to family members or family trusts. The basic subscription rights and the over-subscription rights are also subject to transfer by operation of law (such as testate or intestate succession). The sale

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of any of your shares of Common Stock prior to the expiration of the rights offering period will not result in the transfer of any subscription rights.

Are there any limitations on the number of my subscription rights that I may exercise?

There are no restrictions on the number of your subscription rights that you may exercise. While we have not undertaken an exhaustive analysis, we do not believe the rights offering or issuance of shares of our Common Stock upon subscriptions thereto, will have any adverse effect on preservation of our net operating loss carryforwards under federal income tax laws.

When can I exercise my subscription rights?

You may exercise your subscription rights at any time commencing on the effective date of this prospectus and ending at the expiration time and date of the rights offering period, at 5:00 p.m. Eastern Standard Time on February [•], 2018, which is 16 calendar days after the effective date of this prospectus. If you elect to exercise any rights, the Subscription Agent must receive all documents from you completely and properly completed, and your payment must fully clear, before the expiration of the offering period.

If your subscription exercise documentation is received by the Subscription Agent after the expiration of the rights offering period, at 5:00 p.m. Eastern Standard Time on February [•], 2018, which is 16 calendar days after the effective date of this prospectus, we may, in our sole discretion, make an accommodation to accept your subscription, but we shall not be under any obligation to do so.

See the section in this prospectus under the caption: "The Rights Offering" for further information regarding the requirements and procedures for exercising your subscription rights.

If you hold your shares through a broker, dealer, bank, or other nominee, your broker, dealer, bank or other nominee holder may impose separate deadlines prior to the expiration of the rights offering. In such case, if you wish to participate in the rights offering, we urge you to contact your broker, dealer, bank, or other nominee and coordinate all procedures with them as soon as reasonably possible.

How do I exercise my subscription rights?

If you wish to participate in the rights offering, you must deliver to the Subscription Agent before the expiration of the rights offering, all of the following which the Subscription Agent must receive (and funds must clear) prior to 5:00 p.m., Eastern Standard Time, on February [•], 2018, which is 16 calendar days after the effective date of this prospectus:

1. Your payment for exercise of the basic subscription rights and exercise of any over-subscription rights. See the section in this prospectus under the caption: "The Rights Offering Method of Exercising Subscription Rights" and "The Rights Offering Form of Payment."
2. Your complete and fully executed subscription rights certificate.

If you cannot deliver your subscription rights certificate to the Subscription Agent before the expiration of the rights offering, you may use the procedures for guaranteed delivery as described in this prospectus in the section under the caption: "The Rights Offering Guaranteed Delivery Procedures."

If you hold your shares through your broker, dealer, bank or other nominee, complete and return to such broker, dealer, bank or other nominee the form captioned: "Beneficial Owner Election Form" or use the forms provided to you by your broker, dealer, bank or other nominee in accordance with their stated procedures and prior to their stated deadlines.

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Where do I deliver my forms and the payment for exercise of the rights?

If your shares are held in the name of a broker, dealer, bank or other nominee, then you must coordinate with your broker, dealer, bank or other nominee regarding delivery of your subscription documents, rights certificate, notice of guaranteed delivery (if applicable) and your subscription payment.

If you are a shareholder of record and you wish to exercise your rights, then you must send your subscription documents, rights certificate, notices of guaranteed delivery (if applicable) and subscription payment to the Subscription Agent at the following address:

By Mail:

Broadridge Corporate Issuer Solutions, Inc.

Attn: BCIS Re-Organization Dept.

P.O. Box 1317

Brentwood, NY 11717-0693

By Hand Delivery or Overnight Courier Excluding U.S. Postal Service:

Broadridge Corporate Issuer Solutions, Inc.

Attn: BCIS IWS

51 Mercedes Way

Edgewood, NY 11717

Phone: 855-793-5068

All deliveries to the Subscription Agent should only be made by registered first class mail or overnight courier service. Please allow adequate time for delivery of your subscription to the Subscription Agent by you or by your broker, dealer, custodian bank or other nominee, as applicable.

We do not take any responsibility for completion of your subscription documents, subscription rights certificate and payment to the Subscription Agent or, if you are not a record holder to your broker, dealer, custodian bank or other nominee. If you wish to exercise your rights, please assure that you properly complete all documents and that you provide responses to all requested information. If you have any questions or comments regarding completion of the materials, please contact the Subscription Agent.

If the payment you remit does not cover the total purchase price for the number of shares of Common Stock for which you are subscribing, or if the number of shares of Common Stock for which you are subscribing is not properly specified, then the funds will be applied to the exercise of subscription rights only to the extent of the payment actually received by the Subscription Agent.

After I deliver my payment and rights certificate, may I cancel my exercise of subscription rights?

No. All exercises of subscription rights are irrevocable, even if you later change your mind. The irrevocability of your exercise will apply even if new information comes to your attention or if the market price of our Common Stock falls below the rights offering subscription price of \$2.00 per share. Your exercise of the rights will also remain irrevocable if the authorized period for the rights offering is extended by our Board of Directors.

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What if I do not exercise my subscription rights?

If you do not exercise some or all of your subscription rights, your percentage ownership in our Company will decrease. The issuance of shares in the rights offering to other subscribers will result in the dilution of your voting and other equity rights. If you do not exercise your subscription rights before the expiration of the rights offering period your subscription rights will automatically terminate.

Are there risks in exercising my subscription rights?

Yes. You must carefully consider all known risks of investment prior to the exercise of your subscription rights. The risks of investment loss apply to all subscribers. We cannot provide any assurance that the shares of our Common Stock sold at the rights offering subscription price of \$2.00 per share will in the future maintain their value or increase in value. You should carefully read this entire prospectus and consider all of the risks described in the section of this prospectus under the caption: "Risk Factors." You should also carefully review documents incorporated by reference into this prospectus. See the section in this prospectus under the caption: "Incorporation of Certain Information by Reference."

How are the shares of Common Stock delivered?

At the completion of the rights offering, the Company will issue the shares of Common Stock in book-entry form to each subscriber. The Company will not issue any stock certificates. If you are a holder of record of our Common Stock, shortly after the expiration of the rights offering you will receive a statement of ownership from our transfer agent, Computershare Limited ("Computershare"), reflecting the shares of Common Stock that you have purchased in the rights offering. If your shares of Common Stock are held in the name of a broker, dealer, bank or other nominee, your shares of Common Stock will be issued to the same account. You may request a statement of ownership from the broker or nominee following the completion of the rights offering.

Will my subscription payment be refunded to me if the rights offering is not completed?

Yes. If the Company does not complete the rights offering, all subscription payments received by the Subscription Agent will be returned, without penalty or interest, as soon as reasonably possible. If you hold your shares of Common Stock through your broker, dealer, bank or other nominee, the Subscription Agent will return the payment to the broker, dealer, bank or other nominee holding your shares.

If I live outside the United States does that affect my exercise of subscription rights?

For purposes of assuring that we will not breach the laws of any country outside of the United States, we will not mail this prospectus or the subscription rights certificates to shareholders whose addresses are outside the United States or who have an army post office or foreign post office address. The Subscription Agent will hold the subscription rights certificates on behalf of such shareholders. If you live outside of the United States and wish to exercise your subscription rights, you must notify the Subscription Agent on or before 5:00 p.m., Eastern Standard Time, on February [•], 2018, which is two (2) business days prior to the expiration date of the rights offering. See the section in this prospectus under the caption: "The Rights Offering Foreign Shareholders."

Will any fees or charges apply to me if I exercise my subscription rights?

If you wish to exercise your subscription rights, the only cost to you will be the payment of the subscription price for purchase of the rights offering shares. We will not charge any fees or commissions in connection with the issuance of the subscription rights to you or the exercise of your subscription rights for rights offering shares. If you hold your shares of Common Stock through your

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broker, dealer, bank or other nominee, you may be required to pay the broker or nominee certain service or administration fees in connection with the exercise of your subscription rights. Please check with your broker, dealer, bank or other nominee in such regard. We are not responsible for covering or reimbursing any such fees.

What are the U.S. federal income tax consequences of exercising subscription rights?

It is the opinion of our tax counsel, Wuersch & Gering, LLP, that for U.S. federal income tax purposes, our U.S. shareholders should not be subject to recognition of income or loss in connection with the receipt or exercise of subscription rights. However, there is a lack of authority directly addressing the application of the Code to distributions of subscription rights and your receipt of subscription rights may be treated as a taxable distribution. We therefore recommend that you consult with your own tax advisor regarding your own specific tax situation and to assess the potential adverse tax consequences resulting from the receipt and exercise of subscription rights and the receipt, ownership and disposition of Common Stock. See, "Risk Factors The receipt of subscription rights may be treated as a taxable distribution to you." See also, "Material U.S. Federal Income Tax Consequences."

Will our directors, officers, or any significant shareholders participate in the rights offering?

Our directors and officers who own shares of our Common Stock as of the record date will be eligible to participate in the rights offering. Our directors and officers have not indicated to us whether they will exercise any of their subscription rights in the rights offering. Our shareholders, Everest Hill, Weintraub, Zori and KB have each agreed as of February 6, 2018, to exercise their respective basic subscription rights in full (we refer to such respective commitment as a "Basic Commitment" and, collectively, as the "Basic Commitments"). No other shareholders have indicated to us whether they will exercise subscription rights in our rights offering.

How many shares of our Common Stock will be outstanding after the rights offering?

As of the record date, we have 18,305,982 shares of our Common Stock issued and outstanding. We are offering up to 5,000,000 shares of Common Stock in the rights offering. In reliance on the Backstop Commitments, we expect to issue all of the shares of Common Stock in the rights offering. We therefore anticipate that if we complete the right offering, we will have an aggregate of 23,305,982 shares of Common Stock issued and outstanding following completion of the rights offering.

Can we extend, cancel or amend the rights offering?

Yes. We reserve the right to extend the rights offering period for a period not to exceed 30 calendar days. If we decide to extend the rights offering period, we will issue a press release announcing the extension in advance of the expiration of the then-effective rights offering period. We may also extend the duration of the rights offering period if applicable law or regulations require us to do so. Our Board of Directors has broad discretion regarding any and all determinations whether or not to extend the rights offering period. The Board of Directors may also cancel the rights offering at any time before the expiration of the rights offering for any reason. In addition, we may amend or modify the terms of the rights offering for any reason. See the section in this prospectus under the caption: "The Rights Offering Expiration Date, Extension, and Amendments."

What happens if the rights offering is not fully subscribed after giving effect to the over-subscription rights?

We have received Backstop Commitments from our shareholders Everest Hill, Weintraub, Zori and KB (each, a "Backstop Purchaser," and collectively, the "Backstop Purchaser"), whom, as of

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February 6, 2018, have severally agreed with us to purchase, at the subscription price of \$2.00 per share, shares of our Common Stock in amount equal to the number of subscription rights that are not exercised in the rights offering, subject to each Backstop Purchaser's investment limit (each, a "Total Commitment Amount"). The respective Total Commitment Amount consists of the aggregate amount in U.S. dollars committed by each Backstop Purchaser in respect of such purchaser's commitment to purchase shares of Common Stock in the rights offering pursuant to its basic subscription right, its over-subscription right and its Backstop Commitment. As of February 6, 2018, Weintraub has agreed that its Total Commitment Amount shall be \$1,000,000; Zori has agreed that its Total Commitment Amount shall be \$250,000; and KB has agreed that its Total Commitment Amount shall be \$250,000. Everest Hill has not limited its Total Commitment Amount and has agreed to purchase any and all remaining available rights offering shares after exercise of all basic subscription rights, over-subscription rights and Backstop Commitments by all other shareholders of the Company.

Why are there backstop purchasers?

Our objective is to raise the full \$10,000,000 in gross proceeds from our rights offering. In the event that all basic subscription rights are not exercised and there are insufficient over-subscriptions for any remaining shares, we would fall short from that objective. We have therefore obtained commitments, as of February 6, 2018, from Everest Hill, Weintraub, Zori and KB to act as the Backstop Purchasers in order to establish a higher likelihood of receiving the full amount of our rights offering objective.

Will the Backstop Purchasers receive any compensation for their Backstop Commitments?

No. The Backstop Purchasers will not receive any compensation for their Backstop Commitments.

Are there any conditions to the Backstop Purchasers' obligations under the Backstop Agreement?

Yes. The obligations of each Backstop Purchaser to consummate the transactions under the respective Backstop Agreement are subject to the satisfaction or waiver of specified conditions, including, but not limited to, compliance with covenants and the accuracy of various representations and warranties set forth in each Backstop Agreement.

How will the rights offering affect the ownership of our largest beneficial owner?

As of the record date, Everest Hill beneficially owns 9,068,122 shares of our Common Stock, representing approximately 49.8% of our Common Stock. This ownership interest would increase to approximately 13,318,122 shares or 57.14% in the event no shareholders exercise their basic subscription rights, and the Backstop Agreements with Everest Hill and the other Backstop Purchasers are performed in full.

Whom should I contact if I have other questions?

If you have other questions or need assistance, please contact our Subscription Agent: Broadridge Corporate Issuer Solutions, Inc. (