UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2023

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT

For the transition period from N/A to N/A

Commission File Number: **000-54986**

ARCH THERAPEUTICS, INC.
(Exact name of registrant as specified in its charter)

Nevada	**46-0524102**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
235 Walnut Street, Suite 6 **Framingham, MA**	**01702**
(Address of principal executive offices)	(Zip Code)

(617) 431-2313
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N|A	N|A	N|A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☐
Non-accelerated filer ☒
Emerging growth company ☐

Accelerated filer ☐
Smaller reporting 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 pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

As of August 11, 2023, 3,094,370 shares of the registrant's common stock were outstanding.

ARCH THERAPEUTICS, INC.
Quarterly Report on Form 10-Q

TABLE OF CONTENTS

Arch Therapeutics, Inc. and Subsidiary
Consolidated Balance Sheets
As of June 30, 2023 (Unaudited) and September 30, 2022

	June 30, 2023	September 30, 2022
ASSETS		
Current assets:		
Cash	$ 86,542	$ 746,940
Inventory	1,382,938	1,414,848
Prepaid expenses and other current assets	90,538	436,407
Total current assets	1,560,018	2,598,195
Long-term assets:		
Property and equipment, net	728	2,044
Other assets	3,500	3,500
Total long-term assets	4,228	5,544
Total assets	$ 1,564,246	$ 2,603,739
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 2,471,162	$ 1,328,000
Shareholder advances	50,000	-
Shareholder and Third-Party Advances related to Bridge Financing	690,015	-
Accrued expenses and other liabilities	200,522	318,505
Insurance premium financing	-	247,933
Current Portion of Series 2 convertible note	550,000	550,000
Current Portion of Series 1 convertible note	450,000	-
Current Portion of Unsecured convertible notes	1,401,618	-
Current Portion of 2022 Notes	2,945,448	-
Current Portion of Accrued Interest	820,509	127,781
Current portion of derivative liability	-	748,275
Total current liabilities	9,579,274	3,320,494
Long-term liabilities:		
Unsecured convertible notes	-	699,781
Series 2 convertible notes	-	450,000
2022 Notes	-	1,662,492
Accrued interest	-	204,575
Derivative liability	-	459,200
Total long-term liabilities	-	3,476,048
Total liabilities	9,579,274	6,796,542
Commitments and contingencies		
Stockholders' deficit:		
Common stock, $0.001 par value, 12,000,000 and 4,000,000 shares authorized as of June 30, 2023 and September 30, 2022, 1,285,213 and 1,252,734 shares issued as of June 30, 2023 and September 30, 2022 and1,285,213 and 1,249,432 shares outstanding as of June 30, 2023 and September 30, 2022, each respectively	1,285	1,252
Additional paid-in capital	51,582,100	50,878,718
Accumulated deficit	(59,598,413)	(55,072,773)
Total stockholders' deficit	(8,015,028)	(4,192,803)
Total liabilities and stockholders' deficit	$ 1,564,246	$ 2,603,739

The accompanying notes are an integral part of these consolidated financial statements.

Arch Therapeutics, Inc. and Subsidiary
Consolidated Statements of Operations (Unaudited)
For the Three and Nine Months Ended June 30, 2023 and 2022

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Revenue	$ 13,293	$ 6,261	$ 36,207	$ 14,086
Operating expenses:				
Cost of revenues	18,529	17,140	54,882	51,363
Selling, general and administrative expenses	870,053	836,215	3,225,753	3,308,227
Research and development expenses	139,048	159,846	471,135	922,120
Total costs and expenses	1,027,630	1,013,201	3,751,770	4,281,710
Loss from operations	(1,014,337)	(1,006,940)	(3,715,563)	(4,267,624)
Other income (expense):				
Interest expense	(808,770)	(39,890)	(1,968,274)	(119,671)
Gain on extinguishment of derivative liabilities	-	-	1,158,197	-
Expiration of derivative liability/Series F warrant	-	-	-	1,000,000
Total other income (expense)	(808,770)	(39,890)	(810,077)	880,329
Net loss	$ (1,823,107)	$ (1,046,830)	$ (4,525,640)	$ (3,387,295)
Loss per share - basic and diluted				
Net loss per common share - basic and diluted	$ (1.42)	$ (0.88)	$ (3.58)	$ (2.86)
Weighted common shares - basic and diluted	1,279,967	1,184,738	1,265,340	1,184,266

The accompanying notes are an integral part of these consolidated financial statements.

Arch Therapeutics, Inc. and Subsidiary
Consolidated Statements of Changes in Stockholders' Deficit (Unaudited)
For the Three and Nine Months Ended June 30, 2023 and 2022

Three Months Ended June 30, 2023	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
Balance at March 31, 2023	1,274,605	$ 1,275	$ 51,387,943	$ (57,775,306)	(6,386,088)
Net loss	-	-	-	(1,823,107)	(1,823,107)
Stock-based compensation expense	-	-	41,259	-	41,259
Issuance of common stock and warrants, net of financing costs	10,608	10	152,898	-	152,908
Exchange of warrants into common stock	-	-	-	-	-
Balance at June 30, 2023	1,285,213	$ 1,285	$ 51,582,100	$ (59,598,413)	$ (8,015,028)

Nine Months Ended June 30, 2023	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
Balance at September 30, 2022	1,252,734	$ 1,252	$ 50,878,718	$ (55,072,773)	(4,192,803)
Net loss	-	-	-	(4,525,640)	(4,525,640)
Vesting of restricted stock	250	-	-	-	-
Stock-based compensation expense	-	-	213,809	-	213,809
Issuance of common stock and warrants, net of financing costs	20,210	20	440,308	-	440,328
Exchange of warrants into common stock	12,019	13	49,265	-	49,278
Balance at June 30, 2023	1,285,213	$ 1,285	$ 51,582,100	$ (59,598,413)	$ (8,015,028)

Three Months Ended June 30, 2022	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance at March 31, 2022	1,184,599	$ 1,185	$ 49,076,775	$ (52,137,384)	$ (3,059,424)
Net loss	-	-	-	(1,046,830)	(1,046,830)
Vesting of restricted stock	375	-	-	-	-
Stock-based compensation expense	-	-	90,755	-	90,755
Balance at June 30, 2022	1,184,974	$ 1,185	$ 49,167,530	$ (53,184,214)	$ (4,015,499)

Nine Months Ended June 30, 2022	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
Balance at September 30, 2021	1,183,599	$ 1,184	$ 48,770,061	$ (49,796,919)	$ (1,025,674)
Net loss	-	-	-	(3,387,295)	(3,387,295)
Vesting of restricted stock	1,375	1	(1)	-	-
Stock-based compensation expense	-	-	397,470	-	397,470
Balance at June 30, 2022	1,184,974	$ 1,185	$ 49,167,530	$ (53,184,214)	$ (4,015,499)

The accompanying notes are an integral part of these consolidated financial statements.

Arch Therapeutics, Inc. and Subsidiary
Consolidated Statements of Cash Flows (Unaudited)
For the Nine Months Ended June 30, 2023 and 2022

	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Cash flows from operating activities:		
Net loss	$ (4,525,640)	$ (3,387,295)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	1,316	2,397
Stock-based compensation	213,809	397,470
Decrease to fair value of derivative	-	(1,000,000)
Gain on extinguishment of derivative liabilities	(1,158,197)	-
Accretion of discount and debt issuance costs on 2022 Notes and Unsecured convertible notes	1,480,121	-
Inventory obsolescence charge	-	248,073
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Inventory	31,910	(582,572)
Prepaid expenses and other current assets	345,869	223,854
Increase (decrease) in:		
Accounts payable	1,143,162	1,288,130
Accrued interest	488,153	119,671
Accrued expenses and other current liabilities	(167,983)	(96,370)
Net cash used in operating activities	(2,147,480)	(2,786,642)
Cash flows from financing activities:		
Repayment of insurance premium financing	(247,933)	-
Proceeds from shareholder advances	1,228,015	575,000
Proceeds from Unsecured convertible notes	507,000	-
Net cash provided by financing activities	1,487,082	575,000
Net decrease in cash	(660,398)	(2,211,642)
Cash, beginning of year	746,940	2,266,639
Cash, end of period	$ 86,542	$ 54,997
Non-cash financing activities:		
Exchange of Series G and Series H warrants for common stock	$ 49,278	$ -
Issuance of restricted stock	$ 3,019	$ 29,831
Fair value of warrants issued - second close	$ 256,439	$ -
Fair value of inducement shares issued - second close	$ 25,840	$ -
Fair value of placement agent warrants - second close	$ 28,093	$ -
Fair value of warrants issued - third close	$ 137,252	$ -
Fair value of inducement shares issued - third close	$ 15,656	$ -
Conversion of shareholder advance into unsecured convertible note	$ 488,000	$ -

The accompanying notes are an integral part of these consolidated financial statements.

1. BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Organization and Description of Business

Arch Therapeutics, Inc. (together with its subsidiary, the "*Company*" or "*Arch*") was incorporated under the laws of the State of Nevada on September 16, 2009, under the name "Almah, Inc.". Effective June 26, 2013, the Company completed a merger (the "*Merger*") with Arch Biosurgery, Inc. (formerly known as Arch Therapeutics, Inc.), a Massachusetts corporation ("*ABS*"), and Arch Acquisition Corporation ("*Merger Sub*"), the Company's wholly owned subsidiary formed for the purpose of the transaction, pursuant to which Merger Sub merged with and into ABS and ABS thereby became the wholly owned subsidiary of the Company. As a result of the acquisition of ABS, the Company abandoned its prior business plan and changed its operations to the business of a biotechnology company. The Company's principal offices are located in Framingham, Massachusetts.

ABS was incorporated under the laws of the Commonwealth of Massachusetts on March 6, 2006, as Clear Nano Solutions, Inc. On April 7, 2008, ABS changed its name from Clear Nano Solutions, Inc. to Arch Therapeutics, Inc. Effective upon the closing of the Merger, ABS changed its name from Arch Therapeutics, Inc. to Arch Biosurgery, Inc.

In the first quarter of 2021, the Company commenced commercial sales of our first product, AC5® Advanced Wound System, and has devoted substantially all of the Company's operational effort to the research, development and regulatory programs necessary to turn the Company's core technology into commercial products. To date, the Company has principally raised capital through the issuance of convertible debt, and the issuance of units consisting of its common stock, $0.001 par value per share ("*Common Stock*") and warrants to purchase Common Stock ("*warrants*").

The Company expects to incur substantial expenses for the foreseeable future relating to research, development and commercialization of its potential future products. However, there can be no assurance that the Company will be successful in securing additional resources when needed, on terms acceptable to the Company, if at all. Therefore, there exists substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments related to the recoverability of assets that might be necessary despite this uncertainty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited interim consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("*US GAAP*"). The interim consolidated financial statements included herein are unaudited; however, they contain all normal recurring accruals and adjustments that, in the opinion of management, are necessary to present fairly the Company's results of operations and financial position for the interim periods.

Although the Company believes that the disclosures in these unaudited interim consolidated financial statements are adequate to make the information presented not misleading, certain information normally included in the footnotes prepared in accordance with US GAAP has been omitted as permitted by the rules and regulations of the Securities and Exchange Commission ("*SEC*"). These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2022, filed with the SEC on December 28, 2022 (the "*Annual Report*").

For a complete summary of the Company's significant accounting policies, please refer to Note 2 included in Item 8 of the Company's Annual Report. There have been no material changes to the Company's significant accounting policies during the nine months ended June 30, 2023.

Basis of Presentation

The consolidated financial statements include the accounts of Arch Therapeutics, Inc. and its wholly owned subsidiary, Arch Biosurgery, Inc., a biotechnology company. All intercompany accounts and transactions have been eliminated in consolidation.

On January 6, 2023, the directors of the Company authorized a reverse share split of the issued and outstanding Common Shares in a ratio of 1:200, effective January 17, 2023 (the "*Reverse Share Split*"). All information included in these consolidated financial statements has been adjusted, on a retrospective basis, to reflect the Reverse Share Split, unless otherwise stated. All outstanding securities entitling their holders to purchase shares of Common Stock or acquire shares of Common Stock, including stock options, restricted stock units, and warrants, were adjusted as a result of the Reverse Stock Split, as required by the terms of those securities.

Use of Estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expense during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company had no cash equivalents as of June 30, 2023 and September 30, 2022.

Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of inventories comprises expenditures incurred in acquiring the inventories, the cost of conversion and other costs incurred in bringing them to their existing location and condition. The cost of raw materials, goods-in-process and finished goods are determined on a First in First out (FiFo) basis. When determining net realizable value, appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash. The Company maintains its cash in bank deposits accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the related asset. Upon sale or retirement, the cost and accumulated depreciation are eliminated from their respective accounts, and the resulting gain or loss is included in income or loss for the period. Repair and maintenance expenditures are charged to expense as incurred.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable in accordance with the Financial Accounting Standards Board ("*FASB*") Accounting Standards Codification ("*ASC*") Topic 360, *Property, Plant and Equipment*. For assets that are to be held and used, impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. For the nine months ended June 30, 2023 and 2022 there has not been any impairment of long-lived assets.

Leases

The Company determines if an arrangement is a lease at its inception. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company's lease does not provide an implicit interest rate, the Company used an incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Income Taxes

In accordance with FASB ASC Topic 740, *Income Taxes*, the Company recognizes deferred tax assets and liabilities for the expected future tax consequences or events that have been included in the Company's consolidated financial statements and/or tax returns. Deferred tax assets and liabilities are based upon the differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities and for loss and credit carryforwards using enacted tax rates expected to be in effect in the years in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

The Company provides reserves for potential payments of tax to various tax authorities related to uncertain tax positions when management determines that it is more likely than not that a loss will be incurred related to these matters and the amount of the loss is reasonably determinable.

Revenue

In accordance with FASB ASC Topic 606, *Revenue Recognition*, the Company recognizes revenue through a five-step process: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) a performance obligation is satisfied.

The Company's source of revenue is product sales. Contracts with customers contain a single performance obligation and the Company recognizes revenue from product sales when the Company has satisfied our performance obligation by transferring control of the product to the customers. Control of the product transfers to the customer upon shipment from the Company's third-party warehouse. In circumstances where the transaction price is not able to be determined at the time of shipment, the Company does not recognize revenue or any receivable amount until such time that the final transaction price is established.

Cost of Revenue

Cost of revenue includes product costs, warehousing, overhead allocation and royalty expense.

Research and Development

The Company expenses internal and external research and development costs, including costs of funded research and development arrangements, in the period incurred.

Accounting for Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with the guidance of FASB ASC Topic 718, *Compensation-Stock Compensation* ("*ASC 718*"), which requires all share-based payments be recognized in the consolidated financial statements based on their fair values. In accordance with ASC 718, the Company has elected to use the Black-Scholes Option Pricing Model (the "*Black-Scholes Model*") to determine the fair value of options granted and recognizes the compensation cost of share-based awards on a straight-line basis over the vesting period of the award.

The determination of the fair value of share-based payment awards utilizing the Black-Scholes model is affected by the fair value of the Common Stock and a number of other assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. The expected life for awards uses the simplified method for all "plain vanilla" options, as defined in ASC 718-10-S99, and the contractual term for all other employee and non-employee awards. The risk-free interest rate assumption is based on observed interest rates appropriate for the terms of the Company's awards. The dividend yield assumption is based on history and the expectation of paying no dividends. Stock-based compensation expense, when recognized in the consolidated financial statements, is based on awards that are ultimately expected to vest.

Fair Value Measurements

The Company measures both financial and nonfinancial assets and liabilities in accordance with FASB ASC Topic 820,*Fair Value Measurements and Disclosures*, including those that are recognized or disclosed in the consolidated financial statements at fair value on a recurring basis. The standard created a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs that reflect the Company's own views about the assumptions market participants would use in pricing the asset or liability.

At June 30, 2023 and September 30, 2022, the carrying amounts of cash, accounts payables and accrued expense and other liabilities approximate fair value because of their short-term nature. The carrying amounts for the Series Convertible Notes (See Note 12), 2022 Notes (see Note 11), and Second Notes (see Note 11), and Third Notes (see Note 11) approximate fair value because borrowing rates and terms are similar to comparable market participants.

Derivative Liabilities

The Company accounts for its warrants and other derivative financial instruments as either equity or liabilities based upon the characteristics and provisions of each instrument, in accordance with FASB ASC Topic 815, *Derivatives and Hedging* ("*ASC 815*"). Warrants classified as equity are recorded at fair value as of the date of issuance on the Company's consolidated balance sheets and no further adjustments to their valuation are made. Warrants classified as derivative liabilities and other derivative financial instruments that require separate accounting as liabilities are recorded on the Company's consolidated balance sheets at their fair value on the date of issuance and will be revalued on each subsequent balance sheet date until such instruments are exercised or expire, with any changes in the fair value between reporting periods recorded as other income or expense. Management estimates the fair value of these liabilities using option pricing models and assumptions that are based on the individual characteristics of the warrants or instruments on the valuation date, as well as assumptions for future financings, expected volatility, expected life, yield, and risk-free interest rate. During the nine months ended June 30, 2023, $1,158,197 was recorded to gain on extinguishment of derivative liability for the exchange of the Series G warrants and Series H warrants and $49,278 was recorded as part of shareholder's deficit.

Complex Financial Instruments

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates its financial instruments, including warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. The Company values its derivatives using the Black-Scholes option-pricing model or other acceptable valuation models, including Monte-Carlo simulations. Derivative instruments are valued at inception, upon events such as an exercise of the underlying financial instrument, and at subsequent reporting periods. The classification of derivative instruments, including whether such instruments should be recorded as liabilities, is re-assessed at the end of each reporting period.

The Company reviews the terms of debt instruments, equity instruments, and other financing arrangements to determine whether there are embedded derivative features, including embedded conversion options that are required to be bifurcated and accounted for separately as a derivative financial instrument. Additionally, in connection with the issuance of financing instruments, the Company may issue freestanding options and warrants, including options or warrants to non-employees in exchange for consulting or other services performed.

The Company accounts for its common stock warrants in accordance with Accounting Standards Codification ("ASC") 815,*Derivatives and Hedging* ("ASC 815"). Based upon the provisions of ASC 815, the Company accounts for common stock warrants as liabilities if the warrant requires net cash settlement or gives the holder the option of net cash settlement, or it fails the equity classification criteria. The Company accounts for common stock warrants as equity if the contract requires physical settlement or net physical settlement or if the Company has the option of physical settlement or net physical settlement and the warrants meet the requirements to be classified as equity. Common stock warrants classified as liabilities are initially recorded at fair value on the grant date and remeasured at fair value each balance sheet date with the offset adjustments recorded in change in fair value of warrant liability within the consolidated statements of operations. Common stock warrants classified as equity are initially measured at fair value on the grant date and are not subsequently remeasured.

Financial Statement Reclassification

Certain balances in the prior year consolidated financial statements have been reclassified for comparison purposes to conform to the presentation in the current period consolidated financial statements. During the nine-month period ended June 30, 2023, the Company reclassified the carrying amount of Exchanged Notes of $699,781 (see Note 12) that were previously included in the 2022 Notes payable to Unsecured convertible notes.

Subsequent Events

The Company evaluated all events or transactions through August 11, 2023, the date which these consolidated financial statements were issued. See note 15 for matters deemed to be subsequent events.

Going Concern Basis of Accounting

As reflected in the consolidated financial statements, the Company has an accumulated deficit as of June 30, 2023, has suffered significant net losses and negative cash flows from operations, only recently commenced generating limited operating revenues, and has limited working capital. The continuation of the Company's business as a going concern is dependent upon raising additional capital, the ability to successfully market and sell its product and eventually attaining and maintaining profitable operations. In particular, as of June 30, 2023, the Company will be required to raise additional capital, obtain alternative means of financial support, or both, in order to continue to fund operations, and therefore there is substantial doubt about the Company's ability to continue as a going concern. The Company expects to incur substantial expenses into the foreseeable future for the research, development and commercialization of its current and potential products. In addition, the Company will require additional financing in order to seek to license or acquire new assets, research and develop any potential patents and the related compounds, and obtain any further intellectual property that the Company may seek to acquire. Finally, some of our product candidates or the materials contained therein (such as the Active Pharmaceutical Ingredients for our AC5® product line), are manufactured from facilities in areas impacted by the outbreak of the COVID-19, which could result in shortages due to ongoing efforts to address the outbreak. Historically, the Company has principally funded operations through debt borrowings, the issuance of convertible debt, and the issuance of units consisting of common stock and warrants. Provisions in the Securities Purchase Agreements that the Company entered into on July 6, 2022 ("*2022 SPA*"), and July 7, 2023 (the "2023 SPA") restrict the Company's ability to effect or enter into an agreement to effect any issuance by the Company or its subsidiary of Common Stock or securities convertible, exercisable or exchangeable for Common Stock (or a combination of units thereof) with respect to (i) any variable rate debt transactions (as defined in the 2022 SPA), for a period of six months after the date of the 2022 SPA, involving any transaction where the conversion or exercise of the security issued by the Company varies based on the market price of the Common Stock that does not contain a floor price that is more than 50% of the closing price of the Common Stock on the trading day immediately prior to the date of the 2022 SPA, and (ii) any Variable Rate Transaction (as defined in the 2023 SPA) including, but not limited to, an equity line of credit or "At-the-Market" financing facility until twelve (12) months after the closing date of the 2023 SPA. Furthermore, initially, under the 2022 SPA, we were required to complete an uplist to any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American by February 15, 2023. This deadline has been subsequently extended on numerous occasions. Most recently, on July 31, 2023, the Company secured waivers from the required holders of the 2022 Notes, Second Notes and Third Notes to extend the deadline to complete an Uplisting Transaction to August 31, 2023. See Note 11 for more information regarding the 2022 Convertible Note Offering including the terms of the 2022 Warrants and 2022 Placement Agent Warrants, as well as for more information regarding the Amendment No. 1 to the 2022 SPA, and Amendment No. 2 to the 2022 SPA.

The 2023 SPA contains certain restrictions on our ability to conduct subsequent sales of any future securities (See Note 15). The continued spread of COVID-19 and uncertain market conditions may also limit the Company's ability to access capital. If the Company is unable to obtain adequate capital, the Company may be required to reduce the scope, delay, or eliminate some or all of its planned activities. These conditions, in the aggregate, raise substantial doubt as to the Company's ability to continue as a going concern.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The consolidated financial statements do not include any adjustments that might result from this uncertainty.

3. PROPERTY AND EQUIPMENT

At June 30, 2023 and September 30, 2022, property and equipment consisted of:

	Estimated Useful Life (in years)	June 30, 2023	September 30, 2022
Furniture and fixtures	5	$ 9,357	$ 9,357
Leasehold improvements	Life of Lease	8,983	8,983
Computer equipment	3	14,416	14,416
Lab equipment	5	1,000	1,000
		33,756	33,756
Less – accumulated depreciation		33,028	31,712
Property and equipment, net		$ 728	$ 2,044

For the three months ended June 30, 2023 and 2022, depreciation expense recorded was $273 and $799, respectively. For the nine months ended June 30, 2023 and 2022, depreciation expense recorded was $1,316 and $2,397, respectively.

4. INVENTORIES

Inventories consist of the following:

	June 30, 2023	September 30, 2022
Finished Goods	$ 56,828	$ 9,063
Goods-in-process	1,326,110	1,405,785
Total	$ 1,382,938	$ 1,414,848

The Company capitalizes inventory that has been produced for commercial sale and has been determined to have a probable future economic benefit. The determination of whether or not the inventory has a future economic benefit requires estimates by management. To the extent that inventory is expected to expire prior to being sold or used for research and development or used for samples, the Company will write down the value of inventory. In evaluating the net realizable value of the inventory, appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors.

5. INSURANCE PREMIUM FINANCING

In July 2022, the Company entered into a finance agreement with First Insurance Funding in order to fund a portion of its insurance policies. The amount financed was approximately $354,000 and incurred interest at a rate of 2.99%. The Company made monthly payments of approximately $35,000 through April 2023. The outstanding balance as of June 30, 2023 and September 30, 2022 was approximately $0 and $248,000, respectively. As of June 30, 2023, the Company had not entered into a new finance agreement with First Insurance Funding, or any other similar provider.

6. STOCK-BASED COMPENSATION

2013 Stock Incentive Plan

On June 18, 2013, the Company established the 2013 Stock Incentive Plan (the "*2013 Plan*"). Under the 2013 Plan, as of September 30, 2022, a maximum number of 170,571 shares of the Company's authorized and available common stock could be issued in the form of options, stock appreciation rights, sales or bonuses of restricted stock, restricted stock units or dividend equivalent rights, and an award may consist of one such security or benefit, or two or more of them in any combination or alternative. The 2013 Plan provides that on the first business day of each fiscal year commencing with fiscal year 2014, the number of shares of our common stock reserved for issuance under the 2013 Plan for all awards except for incentive stock option awards will be subject to increase by an amount equal to the lesser of (A) 15,000 Shares, (B) four (4) percent of the number of shares outstanding on the last day of the immediately preceding fiscal year of the Company, or (C) such lesser number of shares as determined by the Company's Board of Directors (the "*Board*"). The exercise price of each option shall be the fair value as determined in good faith by the Board at the time each option is granted. On October 1, 2022, the aggregate number of authorized shares under the Plan was further increased by 15,000 shares to a total of 185,571 shares. On June 18, 2023, the 2013 Stock Incentive Plan expired.

The exercise price of each option is equal to the closing price of a share of the Company's Common Stock on the date of grant.

Share-Based Awards

During the nine months ended June 30, 2023, the Company awarded 20,875 options to employees and directors and 3,625 options to consultants to purchase shares of Common Stock under the 2013 Plan**.**

Share-based compensation expense for awards granted during the nine months ended June 30, 2023 was based on the grant date fair value estimated using the Black-Scholes Model.

Common Stock Options

Stock compensation activity under the 2013 Plan for the nine months ended June 30, 2023 follows:

	Option Shares Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at September 30, 2022	98,626	$ 52.00	1.36	$ 16,900
Awarded	24,500	$ 8.00		
Forfeited/Cancelled	(19,101)	$ 70.00		
Outstanding at June 30, 2023	104,025	$ 39.00	5.72	—
Vested at June 30, 2023	79,409	$ 48.00	4.85	—
Vested and expected to vest at June 30, 2023	104,325	$ 39.00	5.72	—

On June 18, 2023, the 2013 Stock Incentive Plan expired. Thereforeno shares are available for future grants under the 2013 Plan as of June 30, 2023.

Share-based compensation expense recorded in the Company's Consolidated Statements of Operations for the three months ended June 30, 2023 and 2022 resulting from options awarded to the Company's employees, directors and consultants was approximately $41,000 and $81,000, respectively. Of this amount, during the three months ended June 30, 2023 and 2022, $7,000 and $29,000, respectively, were recorded as research and development expense, and $34,000 and $52,000, respectively were recorded as general and administrative expense in the Company's Consolidated Statements of Operations. Share-based compensation expense recorded in the Company's Consolidated Statements of Operations for the nine months ended June 30, 2023 and 2022 resulting from options awarded to the Company's employees, directors and consultants was approximately $211,000 and $367,000, respectively. Of this amount, during the nine months ended June 30, 2023 and 2022, $55,000 and $123,000, respectively, were recorded as research and development expense, and $156,000 and $245,000, respectively were recorded as general and administrative expense in the Company's Consolidated Statements of Operations.

During the nine months ended June 30, 2023 and 2022, no options awarded were exercised.

As of June 30, 2023, there is approximately $200,000 of unrecognized compensation expense related to unvested stock-based compensation arrangements granted under the 2013 Plan. That cost is expected to be recognized over a weighted average period of 2.11 years.

Restricted Stock

Restricted stock activity under the 2013 Plan for the three months ended June 30, 2023 and 2022, in shares, follows:

	Three months Ended	
	June 30, 2023	June 30, 2022
Non Vested at March 31, 2023 and 2022	—	1,250
Vested	—	(375)
Non Vested at June 30, 2023 and 2022	—	875

The weighted grant date fair value average of the restricted stock for the three months ended June 30, 2023 and 2022 follows:

	Three months Ended	
	June 30, 2023	June 30, 2022
Non Vested at March 31, 2023 and 2022	$ —	$ 20.00
Vested	—	(20.00)
Non Vested at June 30, 2023 and 2022	$ —	$ 20.00

Restricted stock activity under the 2013 Plan for the nine months ended June 30, 2023 and 2022, in shares, follows:

	Nine months Ended	
	June 30, 2023	June 30, 2022
Non Vested at September 30, 2022 and 2021	250	2,250
Vested	(250)	(1,375)
Non Vested at June 30, 2023 and 2022	—	875

The weighted grant date fair value average of the restricted stock for the nine months ended June 30, 2023 and 2022 follows:

	Nine months Ended	
	June 30, 2023	June 30, 2022
Non Vested at September 30, 2022 and 2021	$ 18.00	$ 20.00
Vested	(18.00)	(20.00)
Non Vested at June 30, 2023 and 2022	$ —	$ 20.00

For the three months ended June 30, 2023 and 2022, compensation expense recorded for the restricted stock awards was approximately $0 and $10,000, respectively. For the nine months ended June 30, 2023 and 2022, compensation expense recorded for the restricted stock awards was approximately $3,000 and $30,000, respectively.

7. REGISTERED DIRECT OFFERINGS

On September 30, 2016, the Company filed a registration statement with the SEC utilizing a "shelf" registration process, which was subsequently declared effective by the SEC on October 20, 2016 (such registration statement, the "*Shelf Registration Statement*"). Under the Shelf Registration Statement, the Company may offer and sell any combination of its Common Stock, warrants, debt securities, subscription rights, and/or units comprised of the foregoing to raise up to $50,000,000 in gross proceeds.

On February 20, 2017, the Company entered into a Securities Purchase Agreement (the "*2017* SPA") with six accredited investors (collectively, the "*2017 Investors*") providing for the issuance and sale by the Company to the 2017 Investors of an aggregate of 50,833 units at a purchase price of $120.00per unit in a registered offering (the "*2017 Financing*"). The securities comprising the units sold in the 2017 Financing were issued under the Shelf Registration Statement, and consisted of a share of Common Stock, a warrant equal to 55% of the shares of Common Stock at an exercise price of $150.00 per share ("*Series F Warrant*") at any time prior to the fifth anniversary of the issuance date of the Series F Warrant subject to certain restrictions on exercise (the "*2017 Warrants*") and the shares issuable upon exercise of the 2017 Warrants (the "*2017 Warrant Shares*").

On June 28, 2018, the Company entered into a Securities Purchase Agreement ("*2018 SPA*") with eight accredited investors (collectively, the "*2018 Investors*") providing for the issuance and sale by the Company to the 2018 Investors of an aggregate of 45,350 units at a purchase price of $100.00 per unit in a registered offering ("*2018 Financing*"). The securities comprising the units sold in the 2018 Financing were issued under the Shelf Registration Statement, and consisted of a share of Common Stock, a warrant to purchase up to a number of shares of the Company's Common Stock equal to 75% of the shares of Common Stock at an exercise price of $140.00 per share ("*Series G Warrant*") at any time prior to the fifth anniversary of the issuance date of the Series G Warrant subject to certain restrictions on exercise (the "*2018 Warrants*") and the shares issuable upon exercise of the 2018 Warrants (the "*2018 Warrant Shares*").

On May 12, 2019, the Company entered into a Securities Purchase Agreement ("*2019 SPA*") with five accredited investors (collectively, the "*2019 Investors*") providing for the issuance and sale by the Company to the 2019 Investors of an aggregate of 43,077 units at a purchase price of $65.00 per unit in a registered offering ("*2019 Financing*"). The securities comprising the units sold in the 2019 Financing were issued under the Shelf Registration Statement, and consisted of a share of Common Stock, a warrant to purchase one share of Common Stock at an exercise price of $80.00 per share ("*Series H Warrant*") at any time prior to the fifth anniversary of the issuance date of the Series H Warrant subject to certain restrictions on exercise (the "*2019 Warrants*") and the shares issuable upon exercise of the *2019* Warrants (the "*2019 Warrant Shares*").

On March 10, 2023, the Company entered into exchange agreements (the "Exchange Agreements") with each holder (the "Warrantholders") of the Company's outstanding Series G Warrants to purchase shares of the Company's common stock, par value $ 0.001 per share (the "Common Stock") at an exercise price of $140.00 per share (the "Series G Warrants") and the Company's outstanding Series H Warrants to purchase shares of Common Stock at an exercise price of $ 80.00 per share (the "Series H Warrants" and, together with the Series G Warrants, the "Warrants"). Pursuant to the Exchange Agreements, the Warrantholders exchanged 34,013 Series G Warrants for 3,402 shares of Common Stock and 43,077 Series H Warrants for 8,617 shares of Common Stock. All 27,958 remaining Series F Warrants expired during the fiscal year ended September 30, 2022.

8. Derivative Liabilities

The Company accounted for the Series F Warrants, Series G Warrants and the Series H Warrants in accordance with ASC 815-10. Since the Company was required to purchase its Series F Warrants, Series G Warrants and Series H Warrants for an amount of cash equal to $ 36.00, $22.00 and $10.66, respectively, for each share of Common Stock (the "Minimum Value") they are recorded as liabilities at the greater of the Minimum Value or fair value. They are marked to market each reporting period through the Consolidated Statement of Operations.

On the respective closing dates of June 28, 2018 and May 12, 2019, respectively, the derivative liabilities related to the Series G Warrants and Series H Warrants were recorded at an aggregate fair value of $1,628,113. Given that the fair value of the derivative liabilities was less than the net proceeds, the remaining proceeds were allocated to Common Stock and additional paid-in-capital.

On March 10, 2023, Arch Therapeutics, Inc. entered into exchange agreements (the "Exchange Agreements") with each holder (the "Warrantholders") of the Company's outstanding Series G Warrants to purchase shares of the Company's common stock, par value $ 0.001 per share at an exercise price of $140.00 per share and the Company's outstanding Series H Warrants to purchase shares of Common Stock at an exercise price of $80.00 per share. Pursuant to the Exchange Agreements, the Warrantholders exchanged 34,013 Series G Warrants for 3,402 shares of Common Stock and 43,077 Series H Warrants for 8,617 shares of Common Stock.

During the three and nine months ended June 30, 2023, $0 and $1,158,197, respectively was recorded to gain on extinguishment of derivative liability for the exchange of the Series G warrants and Series H warrants and $49,278 was recorded as part of shareholder's deficit. During the three and nine months ended June 30, 2022, $0 and $1,000,000, respectively was recorded to decrease the fair value of derivative liability related to the expired Series F warrants.

Fair Value Measurements Using Significant Unobservable Inputs– Nine Months Ended June 30, 2023

(Level 3)	**Series G**	**Series H**
Beginning balance at September 30, 2022	$ 748,275	$ 459,200
Exchange of warrants into common stock	(13,948)	(35,330)
Extinguishment of derivative liabilities	(734,327)	(423,870)
Ending balance at June 30, 2023	$ —	$ —

Fair Value Measurements Using Significant Unobservable Inputs - Nine Months Ended June 30, 2022

(Level 3)	**Series F**	**Series G**	**Series H**
Beginning balance at September 30, 2021	$ 1,000,000	$ 748,275	$ 459,200
Issuances	—	—	—
Adjustments to estimated fair value	—	—	—
Expiration of derivative liability	(1,000,000)	—	—
Ending balance at June 30, 2022	$ —	$ 748,275	$ 459,200

As of March 10, 2023 and September 30, 2022, the derivative liabilities were valued at the greater of their minimum value or by using the Black Scholes Model with the following assumptions.

As of March 10, 2023, the derivative liabilities are recorded at their minimum value.

	Series G	Series H
Closing price per share of Common Stock	$ 4.10	$ 4.10
Exercise price per share	$ 140.00	$ 80.00
Expected volatility	179.41%	141.03%
Risk-free interest rate	4.91%	4.75%
Dividend yield	—	—
Remaining expected term of underlying securities (years)	0.24	1.31

As of September 30, 2022, the derivative liabilities are recorded at their minimum value.

	Series G	**Series H**
Closing price per share of Common Stock	$ 3.84	$ 3.84
Exercise price per share	$ 140.00	$ 80.00
Expected volatility	132.97%	122.50%
Risk-free interest rate	4.05%	4.14%
Dividend yield	—	—
Remaining expected term of underlying securities (years)	0.69	1.57

9. OCTOBER 2019 REGISTERED DIRECT OFFERING

On October 16, 2019, the Company entered into a Securities Purchase Agreement *(the* "*October 2019 SPA")* with seven accredited investors (collectively, the "*October 2019 Investors*") providing for the issuance and sale by the Company to the 2019 Investors of an aggregate of71,429 units at a purchase price of $35.00 per unit in a registered offering ("*October 2019 Financing*"). The securities comprising the units sold in the October 2019 Financing were issued under the Shelf Registration Statement, and consisted of a share of Common Stock, a warrant to purchase one share of Common Stock at an exercise price of $44.00 per share ("*Series I Warrant*") at any time prior to the fifth anniversary of the issuance date of the Series I Warrant subject to certain restrictions on exercise and the shares issuable upon exercise of the Series I Warrants (collectively, the "*October 2019 Warrant Shares*"). As of October 18, 2019, the Company recorded the71,429 shares as Common Stock. Pursuant to the Engagement Agreement (as defined below), the Company also agreed to issue to the Placement Agent, or its designees, warrants to purchase up to 5,358 shares (the "Placement Agent Warrants"). The 2019 Placement Agent Warrants have substantially the same terms as the Series I Warrants, except that the exercise price of the Placement Agent Warrants is $43.75 per share and the term of the Placement Agent Warrants is five years.

The gross proceeds to the Company from the October 2019 Financing, which were received as of October 18, 2019, were approximately $2.5 million before deducting financing costs of approximately $333,000 which includes approximately $158,000 of placement fees. The number of shares of the Company's Common Stock into which each of the Series I Warrants is exercisable and the exercise price therefore are subject to adjustment, as set forth in the Series I Warrants, including adjustments for stock subdivisions or combinations (by any stock split, stock dividend, recapitalization, reorganization, scheme, arrangement or otherwise).

The Company engaged H.C. Wainwright as its exclusive institutional investor placement agent (the "*Placement Agent*") in connection with the October 2019 SPA pursuant to an engagement agreement dated as of October 10, 2019 (the "*2019 Engagement Agreement*"). In consideration for the services provided by the Placement Agent, the Placement Agent was entitled to receive cash fees ranging from 6.0% to 8.2% of the gross proceeds received by the Company, as well as reimbursement for all reasonable expenses incurred by it in connection with its engagement. The Company received gross proceeds of approximately $2.5 million in the aggregate, resulting in a fee of approximately $158,000.

During the three and nine months ended June 30, 2023 and 2022,no Series I Warrants or Placement Agent Warrants were exercised. As of June 30, 2023, up to 71,429 and 5,358 shares may be acquired upon the exercise of the Series I Warrants and Placement Agent Warrants, respectively.

Equity Value of Warrants

The Company accounted for the Series I Warrants and the Placement Agent Warrants relating to the aforementioned October 2019 Financing in accordance with ASC 815-40. Because the Series I Warrants and the Placement Agent Warrants are indexed to the Company's Common Stock, they are classified within stockholders' deficit in the accompanying consolidated financial statements.

10. 2021 REGISTERED DIRECT OFFERING

On February 11, 2021, the Company entered into a Securities Purchase Agreement (the "*2021 SPA*") with certain institutional and accredited investors (collectively, "*2021 Investors*") providing for the issuance and sale by the Company to the 2021 Investors of an aggregate of215,625 shares (the "Shares") of the Company's Common Stock, and warrants (the "*Series K Warrants*") to purchase an aggregate of161,719 shares (the "*Warrant Shares*") of Common Stock, at a combined offering price of $32.00 per share (the "*2021 Financing*"). The Series K Warrants have an exercise price of $34.00 per share and are exercisable for a period of5.5 years. The aggregate gross proceeds for the sale of the Shares and Series K Warrants were approximately $6.9 million, before deducting the Placement Agent's fees and expenses and other offering expenses payable by the Company, of approximately $700,000. Pursuant to an engagement agreement dated as of February 8, 2021 (the "*2021 Engagement Agreement*"), by and between the Company and the Placement Agent, the Company agreed to pay the Placement Agent cash fees equal to (i) 7.5% of the gross proceeds received by the Company from certain investors in the 2021 Financing, and (ii) 6.0% of the gross proceeds received by the Company from certain investors that had pre-existing relationships with the Company. In addition, the Placement Agent received a one-time non-accountable expense fee of $10,000, up to $50,000 for fees and expenses of legal counsel and other out-of-pocket expenses and $10,000 for clearing expenses. Pursuant to the 2021 Engagement Agreement, the Company also agreed to issue to the Placement Agent, or its designees, warrants to purchase up to 7.5% of the aggregate number of Shares sold to the 2021 Investors, or warrants to purchase up to16,172 shares (the "2021 *Placement Agent Warrants*") of the Company's Common Stock. The 2021 Placement Agent 2 Warrants have substantially the same terms as the Series K Warrants, except that the exercise price of the 2021 Placement Agent Warrants is $40.00 per share. The 2021 Engagement Agreement contained indemnity and other customary provisions for transactions of this nature.

The 2021 SPA contained certain restrictions on the Company's ability to conduct subsequent sales of the Company's equity securities. In particular, we were prohibited from entering into or effecting a Variable Rate Transaction (as defined in the 2021 SPA) until February 11, 2022; provided, however, the Company may enter into and effect an at-the-market offering facility with the Placement Agent.

The number of shares of the Company's Common Stock into which each of the Series K Warrants is exercisable and the exercise price therefore are subject to adjustment, as set forth in the Series K Warrants, including adjustments for stock subdivisions or combinations (by any stock split, stock dividend, recapitalization, reorganization, scheme, arrangement or otherwise).

During the three and nine months ended June 30, 2023,no Series K Warrants or Placement Agent 2 Warrants were exercised. As of June 30, 2023, up to 161,719 and 16,172 shares may be acquired upon the exercise of the Series K Warrants and Placement Agent Warrants, respectively.

Common Stock

On February 17, 2021, the Closing Date of the 2021 Financing, the Company issued215,625 shares of Common Stock.

Equity Value of Warrants

The Company accounted for the Series K Warrants and the Placement Agent 2 Warrants relating to the aforementioned February 2021 Registered Direct Offering in accordance with ASC 815-40, *Derivatives and Hedging*. Because the Series K Warrants and the Placement Agent 2 Warrants are indexed to the Company's stock, they are classified within stockholders' deficit in the accompanying consolidated financial statements.

11. 2022 CONVERTIBLE NOTE OFFERING, SECOND NOTES OFFERING, AND THIRD NOTES OFFERING

On July 7, 2022, the Company announced that it had entered into a Securities Purchase Agreement (the "2022 SPA") with certain institutional and accredited individual investors (collectively, the "2022 Investors") providing for the issuance and sale by the Company to the 2022 Investors of (i) Senior Secured Convertible Promissory Notes (each a "2022 Note" and collectively, the "2022 Notes") in the aggregate principal amount of $4.23 million, which includes an aggregate $0.705 million original issue discount in respect of the 2022 Notes; (ii) warrants (the "2022 Warrants"), to purchase an aggregate of 425,555 shares (the "2022 Warrant Shares") of Common Stock; and (iii) 63,834 shares of Common Stock (the "2022 Inducement Shares") equal to 15% of the principal amount of the 2022 Notes divided by the closing price of the Common Stock immediately prior to the Closing Date (as defined below). The 2022 Notes, 2022 Warrants and 2022 Inducement Shares were issued as part of a convertible note offering authorized by the Company's board of directors (the "2022 Convertible Note Offering"). The aggregate gross proceeds for the sale of the 2022 Notes, 2022 Warrants and 2022 Inducement Shares was approximately $3.5 million, before deducting debt issuance costs of $775,000 consisting of fair value of the placement agent's warrants of approximately $220,000 and other estimated fees and offering expenses payable by the Company of approximately $555,000. The closing of the sales of these securities under the 2022 SPA occurred on July 6, 2022 (the "2022 Closing Date").

On January 18, 2023, the Company entered into Amendment No. 1 to the 2022 SPA (the "Amendment" and, together with the 2022 SPA, the "Amended 2022 SPA"), with certain Investors in connection with the Second Closing of the 2022 Convertible Note Offering for the issuance and sale by the Company to such Investors of an aggregate of (i) Unsecured Convertible Promissory Notes (each a "Second Note" and collectively, the "Second Notes") in the aggregate principal amount of $636,000, which includes an aggregate $106,000 original issue discount in respect of the Second Notes; (ii) warrants (the "Second Warrants") to purchase an aggregate of127,968 shares (the "Second Warrant Shares") of Common Stock; and (iii) 9,598 shares of Common Stock (the "Second Inducement Shares"). The aggregate gross proceeds for the sale of the Second Notes, Second Warrants and Second Inducement Shares was approximately $530,000, before deducting the placement agent's fees and other estimated fees and offering expenses payable by the Company of approximately $15,000. The second closing of the sales of these securities under the Amended 2022 SPA occurred on January 18, 2023 (the "Second Closing Date").

On May 15, 2023, the Company entered into Amendment No. 2 to the 2022 SPA related to the 2022 Convertible Note Offering (the "Second Amendment" and, together with the Amendment and the 2022 SPA, the "Second Amended 2022 SPA"), with an Investor in connection with the third closing of the 2022 Convertible Note Offering for the issuance and sale by the Company to an Investor of an aggregate of (i) Unsecured Convertible Promissory Notes (each a "Third Note" and collectively, the "Third Notes") in the aggregate principal amount of $702,720, which includes an aggregate $214,720 original issue discount in respect of the Third Notes; (ii) warrants (the "Third Warrants") to purchase an aggregate of 141,396 shares (the "Third Warrant Shares") of Common Stock; and (iii) 10,608 shares of Common Stock (the "Third Inducement Shares"). The aggregate gross proceeds for the sale of the Third Notes, Third Warrants and Third Inducement Shares was approximately $488,000, before deducting any estimated fees and offering expenses payable by the Company. The Company did not engage a placement agent in connection with the issuance of the Third Notes, Third Warrants, and Third Inducement Shares. The third closing of the sales of these securities under the Amended SPA occurred on May 15, 2023 (the "Third Closing Date").The 2022 Notes, the Second Notes and the Third Notes bear interest on the unpaid principal balance at a rate equal to ten percent (10%) (computed on the basis of the actual number of days elapsed in a 360-day year) per annum accruing from the Closing Date until the 2022 Notes, Second Notes and Third Notes become due and payable at maturity or upon their conversion, acceleration or by prepayment, and may become due and payable upon the occurrence of an event of default under the 2022 Notes, Second Notes and Third Notes. Any amount of principal or interest on the 2022 Notes, the Second Notes and Third Notes which is not paid when due shall bear interest at the rate of the lesser of (i) eighteen percent (18%) per annum or (ii) the maximum amount allowed by law from the due date thereof until payment in full.

The 2022 Notes, the Second Notes and the Third Notes are convertible into shares of Common Stock at the option of each holder of the 2022 Notes, the Second Notes, and the Third Notes from the date of issuance at $9.14 (the "Conversion Price") through the later of (i) January 6, 2024 (the "Maturity Date") or (ii) the date of payment of the Default Amount (as defined in the 2022 Notes); provided, however, certain 2022 Notes, Second Notes and Third Notes include a provision preventing such conversion if, as a result, the holder, together with its affiliates and any other persons whose beneficial ownership of Common Stock would be aggregated with the holder's, would be deemed to beneficially own more than 4.99% or 9.99% of the Common Stock (as applicable, the "Ownership Limitation") immediately after giving effect to the Conversion; and provided further, the holder, upon notice to us, may increase or decrease the Ownership Limitation; (i) the Ownership Limitation may only be increased to a maximum of 9.99% of the Common Stock; and (ii) any increase in the Ownership Limitation will not become effective until the 61st day after delivery of such waiver notice. The Conversion Price is subject to adjustment as set forth in the 2022 Notes, Second Notes, and Third Notes.

The 2022 Notes, Second Notes and Third Notes contain customary events of default, which include, among other things, (i) the Company's failure to pay when due any principal or interest payment under the 2022 Notes, Second Notes, and Third Notes; (ii) our insolvency; (iii) delisting of the Company's Common Stock; (iv) the Company's breach of any material covenant or other material term or condition under the 2022 Notes, Second Notes and/or Third Notes; and (v) the Company's breach of any representations or warranties under the 2022 Notes, Second Notes and Third Notes which cannot be cured within five (5) days. Further, events of default under the 2022 Notes, Second Notes and Third Notes also include (i) the unavailability of Rule 144 on or after January 6, 2023; (ii) our failure to deliver the shares of Common Stock to the 2022 Notes, Second Notes, and/or Third Notes holder upon exercise by such holder of its conversion rights under the 2022 Notes, Second Notes, and/or Third Notes; (iii) our loss of the "bid" price for its Common Stock and/or a market and such loss is not cured during the specified cure periods; and (iv) our failure to complete an uplisting of our Common Stock to any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American by August 31, 2023 (as amended) (an "Uplist Transaction").

The 2022 Warrants, Second Warrants and Third Warrants (i) have an exercise price of $9.94 per share; (ii) have a term of exercise equal to 5 years after their issuance date; (iii) became exercisable immediately after their issuance; and (iv) have a provision preventing the exercisability of such 2022 Warrants, the Second Warrants and the Third Warrants if, as a result of the exercise of the 2022 Warrants, Second Warrants, and/or Third Warrants , the holder, together with its affiliates and any other persons whose beneficial ownership of our Common Stock would be aggregated with the holder's, would be deemed to beneficially own more than the Ownership Limitation. The holder, upon notice to us, may increase or decrease the Ownership Limitation; provided that (i) the Ownership Limitation may only be increased to a maximum of 9.99% of our Common Stock; and (ii) any increase in the Ownership Limitation will not become effective until the 61st day after delivery of such waiver notice. The number of shares of Common Stock into which each of the 2022 Warrants, Second Warrants, and Third Warrants is exercisable and the exercise price therefor are subject to adjustment as set forth in the 2022 Warrants, Second Warrants, and Third Warrants, including standard antidilution provisions, and adjustments for stock subdivisions or combinations (by any stock split, stock dividend, recapitalization, reorganization, scheme, arrangement or otherwise). In the event of a Fundamental Transaction (as defined in the 2022 Warrants, Second Warrants, and Third Warrants) holders of the 2022 Warrants, Second Warrants, and Third Warrants would be entitled to receive alternate consideration in connection with such Fundamental Transaction, but only to the extent that holders of our Common Stock were entitled to receive the same. Moreover, as long as the 2022 Notes, Second Notes, and Third Notes, and 2022 Warrants, Second Warrants, and Third Warrants remaining outstanding, upon the issuance of any security in connection with any potential future financing activity on terms more favorable than the existing terms, the Company has an obligation to notify the holders of the 2022 Notes, Second Notes, and Third Notes, and the 2022 Warrants, Second Warrants, and Third Warrants of such more favorable terms, and to use best efforts to effect such terms in the 2022 Notes, Second Notes, and Third Notes, and the 2022 Warrants, Second Warrants, and Third Warrants. Finally, because of the Company's net loss position, the shares underlying the 2022 Notes, Second Notes, and Third Notes on an as converted basis are excluded from the calculation of basic and fully diluted earnings per share. Similarly, because of the Company's net loss position, there was no impact on the calculation of basic and fully diluted earnings per share related to the classification of the 2022 Warrants, Second Warrants, and Third Warrants as participating securities.

The Company retained a placement agent in connection with the private placement of $2.4 million of the 2022 Notes to the institutional investors. The Company paid the 2022 Placement Agent 10% of the gross proceeds received from certain institutional investors, or $240,000 and we also reimbursed the 2022 Placement Agent approximately $58,000 for non-accountable banking fees, legal fees and other expenses. In addition, we issued 2022 Placement Agent Warrants to purchase an aggregate of 31,510 shares of Common Stock. An additional $1.1 million was raised in connection with the placement of the private placement notes, which included certain accredited investors some of which were Board members and executive officers of the Company. Board member, Laurence Hicks, and executive officers, Terrence W. Norchi and Michael S. Abrams, invested in the 2022 Notes. The investment made in the 2022 Notes made by the Board member and executive officers totaled $80,000.

The Company's agreement with the 2022 Placement Agent was still effective at the time of the private placement of $0.5 million of the Second Notes to certain institutional investors. Per the terms of a termination agreement dated February 21, 2023 by and between the Company and the 2022 Placement Agent (the "Placement Agent Termination Agreement"), the Company owes the 2022 Placement Agent 10% of the gross proceeds received from certain institutional investors, or $50,000, and, such amount was deferred until the Company completes an additional financing with gross proceeds of at least $1 million. In addition, per the Placement Agent Termination Agreement, we agreed to issue 2022 Placement Agent Warrants to purchase an aggregate of 6,565 shares of Common Stock.

In addition, as a part of the 2022 Convertible Note Offering, certain holders of the Company's 10% Series 2 Convertible Notes agreed to exchange their Series 2 Notes for promissory notes of the Company on substantially similar terms to those of the 2022 Notes (the "Exchanged Notes"). The Exchanged Notes are convertible into 76,563 shares of Common Stock at a conversion price of $9.14. The holders of the Exchanged Notes did not receive warrants or inducement shares. In connection with the issuance of the Exchanged Notes, the holders of the Series 2 Notes that participated in the exchange, entered into a subordination agreement on July 6, 2022 (the "Closing Date") to subordinate their rights in respect of the Exchanged Notes to the rights of the Investors in respect of the 2022 Notes. As of July 7, 2022, approximately $600,000 of the Series 2 Notes and accrued interest of approximately $100,000 were included in the exchange.

Further, in connection with the 2022 Convertible Note Offering, we initially were required to complete an Uplist Transaction by February 15, 2023 under the terms of the 2022 Notes. If we are unable to complete or secure an extension to the Uplist Transaction deadline, then the 2022 Notes, Second Notes, and Third Notes will become immediately due and payable and we will be obligated to pay to each holder of the 2022 Notes, Second Notes, and Third Notes an amount equal to 125%, multiplied by the sum of the outstanding principal amount of the 2022 Notes, Second Notes, and Third Notes plus any accrued and unpaid interest on the unpaid principal amount of the 2022 Notes, Second Notes, and Third Notes to the date of payment, plus any default interest and any other amounts owed to the holder, payable in cash or shares of Common Stock. The Company has secured waivers from all required holders of the 2022 Notes, Second Notes, and Third Notes to extend the deadline to complete an uplist from (i) February 15, 2023 to March 15, 2023, (ii) March 15, 2023 to April 15, 2023, (iii) April 15, 2023 to May 15, 2023, (iv) May 15, 2023 to June 15, 2023, (v) June 15, 2023 to July 1, 2023, (vi) July 1, 2023 to July 31, 2023 and (vii) July 31, 2023 to August 31, 2023. No consideration was paid by the Company in connection with any of the Uplist Transaction deadline extensions.

On March 10, 2023, the Company entered into an amendment ("Amendment No. 2 to the First Notes") with the required holders of the Company's outstanding 2022 Notes issued in connection with a private placement financing the Company completed on July 6, 2022 (the "First Closing"). On March 10, 2023, the Company also entered into an amendment ("Amendment No. 2 to the Second Notes" and, together with Amendment No. 2 to the First Notes, "Amendment No. 2 to the 2022 Notes") with each of the required holders of Company's outstanding Second Notes issued in connection with a private placement financing the Company completed on January 18, 2023.

Under Amendment No. 2 to the 2022 Notes, the following amendments to the 2022 Notes, and Second Notes will be effective at the moment in time immediately preceding the consummation of the offering in connection with the uplist of the Common Stock to any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American (the "Uplist Transaction"). If a holder of the 2022 Notes and/or the Second Notes elects to participate in the Uplist Transaction (each, a "Participating Holder") for an amount equal to no less than 50% of the Participating Holder's original investment amount in the 2022 Convertible Note Offering, such holder will be entitled to repayment of the principal amount of their 2022 Notes and/or Second Notes upon closing of the Uplist Transaction. In addition, the Company will issue to each Participating Holder a new convertible promissory note equal to the product of 2.4 and the sum of any prepayment premiums and total interest payable on such Participating Holder's 2022 Notes and/or Second Notes (the "2023 Notes"). The 2023 Notes will have a maturity date of July 6, 2024 and will be on substantially the same terms as the Second Notes. For non-Participating Holders (each, a "Non-Participating Holder"), the maturity date of the 2022 Notes and/or Second Notes held by such Non-Participating Holder will be extended to July 6, 2024. Further, each Non-Participating Holder will waive their right to demand repayment of any portion of the outstanding balance of such holder's 2022 Notes and Second Notes upon an Uplist Transaction. Notwithstanding the foregoing, if the registration statement filed in connection with the Uplist Transaction is not declared effective by 11:59 P.M. (EST) on June 15, 2023 (the "Amendment No. 2 Termination Date"), Amendment No. 2 to the 2022 Notes will automatically terminate and shall be of no further force or effect without any further action by the Company or the Requisite Holders, provided, that the Amendment No. 2 Termination Date may be extended by the written approval of the Company and required holders of the 2022 Notes, Second Notes and Third Notes which purchased at least 50% plus $1.00 of the 2022 Notes, Second Notes, and Third Notes based on the initial principal amounts thereunder (the "Requisite Holders"). Amendment No. 2 to the 2022 Notes was superseded by Amendment No. 8 to the 2022 Notes, Amendment No. 8 to the Second Notes and Amendment No. 3 to the Third Notes, and therefore, it is of no further force or effect.

During the three months ended June 30, 2023, the Company recorded interest expense on the 2022 Notes, the Second Notes, and the Third Notes of approximately $784,000 consisting of accrued interest of approximately $150,000 and accretion of original issue debt discount and issuance costs of approximately $634,000. During the nine months ended June 30, 2023, the Company recorded interest expense on the 2022 Notes, the Second Notes, and the Third Notes of approximately $1,893,000 consisting of accrued interest of approximately $413,000 and accretion of original issue debt discount and issuance costs of approximately $1,480,000.

Allocation of Proceeds

The Company accounted for the 2022 Notes, Second Notes, and Third Notes, and the 2022 Warrants, the Second Warrants, and the Third Warrants, and the 2022 Inducement Shares, Second Inducement Shares and the Third Inducement Shares in accordance with ASC 470-20-25-2 "Debt" which states that the allocation of the proceeds from the financing shall be based on the relative fair values of the securities issued at the time of the issuance. The 2022 Inducement Shares, the Second Inducement Shares, and the Third Inducement Shares and the 2022 Warrants, the Second Warrants, and the Third Warrants which are indexed to the Company's stock, are classified within stockholders' deficit in the accompanying consolidated financial statements. The allocated value of the 2022 Inducement Shares and the 2022 Warrants are $314,523 and $1,470,133, respectively. The allocated value of the Second Inducement Shares and the Second Warrants are $25,840 and $256,439, respectively. The allocated value of the Third Inducement Shares and the Third Warrants are $18,394 and $164,136, respectively. The allocated value of the 2022 Notes of $1,740,344 are allocated as short-term liabilities in the accompanying consolidated financial statements. The allocated value of the Second Notes of $247,721 are allocated as short-term liabilities in the accompanying consolidated financial statements. The allocated value of the Third Notes of $305,470 is allocated as short-term liabilities in the accompanying consolidated financial statements The fair value of the 2022 Placement Agent Warrants and the Second Placement Agent Warrants of $ 219,894 and $28,093, respectively, are being accounted for as debt issuance costs and are classified within stockholders' deficit in the accompanying consolidated financial statements. As of June 30, 2023 and September 30, 2022, the net carrying amount of the 2022 Notes was $2,945,448 and $1,662,492, respectively, with unamortized debt discount and issuance costs of $1,284,552 and $2,567,508, respectively. Effective September 30, 2022, the Company reclassified the carrying amount of the Exchanged Notes of $699,781 (see Note 12) that were previously included in 2022 Notes payable to Unsecured convertible notes. After the reclassification, the Unsecured convertible notes included both the Second Notes and the Exchanged Notes. As of June 30, 2023, the net carrying amount of the Second Notes was $345,845 with unamortized debt discount and issuance costs of $290,155, all of which is included in Unsecured convertible notes. In addition, as of June 30, 2023, the net carrying amount of the Third Notes was $55,992 with unamortized debt discount and issuance costs of $346,728, all of which is included in Unsecured convertible notes.

The 2022 Warrants and the 2022 Placement Agent Warrants were valued as of July 6, 2022 using the Black Scholes Model with the following assumptions:

	2022 Warrants	2022 Placement Agent Warrants
Closing price per share of Common Stock	$ 9.98	$ 9.98
Exercise price per share	$ 9.94	$ 10.06
Expected volatility	88.44%	88.44%
Risk-free interest rate	2.96%	2.96%
Dividend yield	—	—
Remaining expected term of underlying securities (years)	5.0	5.0

The Second Warrants and the Second Placement Agent Warrants were valued as of January 18, 2023 using the Black Scholes Model with the following assumptions:

	Second Warrants	Second Placement Agent Warrants
Closing price per share of Common Stock	$ 5.76	$ 5.76
Exercise price per share	$ 9.94	$ 10.06
Expected volatility	111.31%	111.31%
Risk-free interest rate	3.43%	3.43%
Dividend yield	—	—
Remaining expected term of underlying securities (years)	5.0	5.0

The Third Warrants were valued as of May 15, 2023 using the Black Scholes Model with the following assumptions:

	Third Warrants
Closing price per share of Common Stock	$ 2.77
Exercise price per share	$ 9.94
Expected volatility	114.33%
Risk-free interest rate	3.46%
Dividend yield	—
Remaining expected term of underlying securities (years)	5.0

12. SERIES CONVERTIBLE NOTES

On June 4, 2020 and November 6, 2020, the Company issued unsecured 10% Series 1 Convertible Notes ("Series 1 Notes") and Series 2 Convertible Notes ("Series 2 Notes", and collectively with the Series 1 Notes, the "Series Convertible Notes") in the aggregate principal amount of $550,000 and $1,050,000, respectively. The maturity dates of the Series 1 Notes and Series 2 Notes are June 30, 2023 and November 30, 2023, respectively. On July 12, 2023, the Company secured countersigned notices of conversion from all remaining holders of the Series 1 Convertible Notes and provided instructions to its transfer agent to issue a total of 59,912 shares of Common Stock in full satisfaction of all previously outstanding Series 1 Convertible Notes. The Series Convertible Notes provide, among other things, for (i) a term of approximately three years; (ii) the Company's ability to prepay the Series Convertible Notes, in whole or in part, at any time; (iii) the automatic conversion of the Series Convertible Notes upon a Change of Control (all capitalized terms not otherwise defined to have the meaning ascribed to such terms of the Series Convertible Notes) into shares of the Company's Common Stock, at a per share price of $54.00 and $50.00 (the "Conversion Price") for the Series 1 Notes and Series 2 Notes, respectively; (iv) the ability of the holders of the Series Convertible Notes (each a "Holder", and together, the "Holders") to convert the principal of the Series Convertible Notes, along with accrued interest, in whole or in part, into shares of Common Stock at the respective Conversion Price; (v) the Company's ability to convert all Note Obligations outstanding upon a Qualified Equity Financing into shares of Common Stock at the respective Conversion Price; (vi) the Company's ability to convert the principal of the Series Convertible Notes, along with accrued interest, in whole or in part, into shares of Common Stock at the respective Conversion Price in the event the volume weighted average price ("VWAP") of the Common Stock equals or exceeds $64.00 per share for at least fifteen consecutive Trading Days; (vii) the Company's ability to convert all outstanding Note Obligations into shares of Common Stock at the respective Conversion Price (an "In Kind Note Repayment") in lieu of repaying the Note Obligations outstanding on the Maturity Date, provided, however, that in the case of an In-Kind Note Repayment, the outstanding Note Obligations will be calculated by increasing by thirty-five percent the aggregate sum of the unpaid Principal Amount held by each Holder and the accrued interest at a rate of ten percent per annum, subject to, with respect to any portion of the Principal Amount that is converted or prepaid before the twelve month anniversary of the Issuance Date, a minimum interest payment equal to ten percent of the amount that is converted or prepaid. As consideration for agreeing to subordinate to the 2022 Notes, the premium applicable in connection with an In-Kind Note Repayment at maturity was increased from thirty-five percent to sixty percent. As consideration for agreeing to provide for an In-Kind Note Repayment upon the earlier of i) maturity or ii) the completion of an Uplist Transaction, the premium applicable in connection with an In-Kind Note Repayment at either maturity or simultaneous with an Uplist Transaction was further increased from sixty percent to three hundred and fifty percent.

As described in Note 11 above, as a part of the 2022 Convertible Note Offering, certain holders of the Series 2 Notes agreed to exchange their Series 2 Notes with an aggregate principal amount of $600,000 and accrued interest of approximately $100,000 for promissory notes of the Company on substantially similar terms to those of the 2022 Notes (the "Exchanged Notes"). As of July 6, 2022, $699,781 of principal and accrued interest of the Series 2 notes was exchanged for the Exchanged Notes.

On March 10, 2023, the Company entered into an amendment (the "Series 2 Note Amendment" and, together with the Series 1 Amendment, the "Series Note Amendments") with each of the holders of the Company's outstanding Series 2 Convertible Notes (as amended, the "Series 2 Notes" and, together with the Series 1 Notes, the "Series Convertible Notes"). Pursuant to the Series Note Amendments, the Company can elect to convert the principal and accrued interest under the Series Convertible Notes (the "Series Note Obligations") at or after the effective time of the Uplisting Transaction, or the maturity date. In the event the Company exercises such option, the Series Note Obligations will be deemed to equal the product of 4.5 (which was previously 1.6 prior to the Series Note Amendments) and the outstanding Series Note Obligations. Notwithstanding the foregoing, if the registration statement filed in connection with the Uplist Transaction is not declared effective by 11:59 P.M. (EST) on or before the Uplisting Transaction deadline under the 2022 Notes and Second Notes, which was originally February 15, 2023, or such later extended date as provided for therein (the "Series Note Amendments Termination Date"), the Series Note Amendments will automatically terminate without any further action by the Company or the holders of the Series Convertible Notes. The Series Note Amendments Termination Date will be automatically extended upon any extension of the Uplisting Transaction deadline under the 2022 Notes, Second Notes, and Third Notes. As previously discussed herein, the deadline to complete the Uplist Transaction was extended on multiple previous occasions. As of July 31, 2023 the Uplist Transaction deadline under the 2022 Notes, Second Notes, and Third Notes is August 31, 2023. No consideration was paid by the Company in connection with any of the extensions of the Uplisting Transaction deadline under the 2022 Notes, Second Notes, and/or Third Notes.

During the three months ended June 30, 2023 and 2022, the Company recorded interest expense on the Series Convertible Notes of approximately $25,000 and $40,000, respectively. During the nine months ended June 30, 2023 and 2022, the Company recorded interest expense on the Series Convertible Notes of approximately $75,000 and $120,000, respectively.

13. RISKS AND UNCERTAINTIES – COVID-19 AND GEOPOLITICAL CONFLICTS

The Company sources its materials and services for its products and product candidates from facilities in areas impacted or which may be impacted by the outbreak of the COVID-19 or geopolitical conflicts. The Company's ability to obtain future inventory may be impacted, therefore potentially affecting the Company's future revenue stream. In addition, the Company has historically and principally funded its operations through debt borrowings, the issuance of convertible debt, and the issuance of units consisting of Common Stock and warrants which may also be impacted by economic conditions beyond the Company's control as well as uncertainties resulting from geopolitical conflicts, including the recent war in Ukraine. The extent to which the COVID-19 and recent events in Ukraine will impact the global economy and the Company is uncertain and cannot be reasonably measured.

14. SHAREHOLDER ADVANCES AND PREFUNDINGS RELATED TO THE ANTICIPATED BRIDGE FINANCING

Through May 12, 2023, the Company raised $538,000 in the form of shareholder advances from two different investors to support operations in advance of the Company's prospective Uplisting Transaction. On May 15, 2023, $488,000 of these shareholder advances, which were contributed by a single investor, were converted to an Unsecured convertible note (the "Third Note") in connection with the Third Closing of the 2022 Convertible Note Offering (see Notes 11 and 15). The remaining $50,000 that was raised by the Company in the form of shareholder advances was repaid per the agreed terms on July 7, 2023 for $60,000.

On May 18, 2023 and May 31, 2023, the Company raised $340,000 and $350,015 from a shareholder and a third-party investor, respectively, to support operations in advance of the Company's anticipated closing of the Bridge Offering (as defined below, see Note 15). On July 7, 2023, the amount prefunded by the current shareholder was included in the first closing of the Bridge Offering. The amount prefunded by the third party investor is expected to be included in a subsequent closing of the Bridge Offering.

15. SUBSEQUENT EVENTS

On July 1, 2023, the "Company" entered into an amendment ("Amendment No. 7 to the First Notes") with the holders of the Company's outstanding 2022 Notes, as amended on February 14, 2023, and as subsequently amended on March 10, 2023, March 15, 2023, April 15, 2023, May 15, 2023, and June 15, 2023, issued in connection with a private placement financing the Company completed on July 6, 2022 (the "First Closing"). On July 1, 2023, the Company also entered into an amendment ("Amendment No. 7 to the Second Notes") with the holders of the Company's outstanding Second Notes, as amended on February 14, 2023, and as subsequently amended on March 10, 2023, March 15, 2023, April 15, 2023, May 15, 2023, and June 15, 2023, issued in connection with a private placement financing the Company completed on January 18, 2023 (the "Second Closing"). On July 1, 2023, the Company also entered into an amendment ("Amendment No. 2 to the Third Notes and, together with Amendment No. 7 to the First Notes and Amendment No. 7 to the Second Notes, the "Amendments to the 2022 Notes") with the holders of the Company's outstanding Third Notes, as amended on June 15, 2023, issued in connection with a private placement financing the Company completed on May 15, 2023 (the "Third Closing").

Under the Amendments to the 2022 Notes, the 2022 Notes, Second Notes, and Third Notes were amended to extend the date of the completion of an uplist to any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American (such transaction, an "Uplist Transaction") from July 31, 2023 to August 31, 2023.

As a result of the entry into the Amendments to the 2022 Notes, and pursuant to the terms of the Company's outstanding Exchanged Notes, the Exchanged Notes were automatically amended to extend the date of completion of an Uplist Transaction from July 31, 2023 to August 31, 2023. Also, as a result of the entry into the Amendments to the 2022 Notes, and pursuant to the terms of the Company's outstanding Series 1 Unsecured Convertible Promissory Notes and Series 2 Unsecured Convertible Promissory Notes, each as amended on March 10, 2023, the Series Note Amendments Termination Date set forth under Amendment No. 1 to the Series 1 Unsecured Convertible Promissory Notes and Amendment No. 1 to the Series 2 Unsecured Convertible Promissory Notes was automatically amended to extend from July 31, 2023 to August 31, 2023. Additional information related to such matters can be found in the Form 8-K filed by the Company with Securities and Exchange Commission on July 7, 2023.

On July 7, 2023, the Company announced that it had entered into a Securities Purchase Agreement (the "2023 SPA") with certain institutional and accredited individual investors (collectively, the "Investors") providing for the issuance and sale by the Company to the Investors of an aggregate of (i) 1,749,245 shares (the "Shares") of common stock, par value $0.001, of the Company (the "Common Stock") at a purchase price of $0.275 per share; (ii) 4,996,199 warrants (the "Pre-Funded Warrants") at a purchase price of $0.274 per Pre-Funded Warrant, to purchase an aggregate of 4,996,199 shares of Common Stock (the "Pre-Funded Warrant Shares"); and (iii) 13,490,888 warrants (the "Common Warrants") to purchase an aggregate 13,490,888 shares of Common Stock (the "Common Stock Warrants Shares"). The Shares, Pre-Funded Warrants, and Common Warrants were issued as part of a private placement offering authorized by the Company's board of directors (the "Bridge Offering"). The Company engaged an investment bank in connection with Bridge Offering. Per the terms of that agreement, the Company is obligated to pay the placement agent a fee of 8% of gross proceeds received and issue placement agent warrants to purchase that number of securities equal to 5% of the aggregate number of securities sold in the offering.

Pursuant to the lock-up agreement provided for by the SPA, the Investors agreed that they would either (A) purchase securities, for cash, in an offering conducted in conjunction with an uplist of the Common Stock to any of, and in compliance with the rules of, the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American (the "Uplist Transaction") with an aggregate purchase price equal to at least 4.3 multiplied by the aggregate purchase price paid by the Investor for the Shares, Pre-Funded Warrants and Common Warrants under the SPA or (B) be subject to a lock-up provision not to sell or otherwise transfer any of the Shares, Pre-Funded Warrant Shares or Common Warrant Shares acquired by them in the Bridge Offering until the one-year anniversary of the Closing Date. The aggregate gross proceeds for the sale of the Shares, Pre-Funded Warrants, and Common Warrants will be approximately $1.85 million, before deducting the placement agent's fees and other estimated fees and offering expenses payable by the Company. The closing of the sales of these securities under the SPA occurred on July 7, 2023 (the "Closing Date").

The 2023 SPA also provides additional provisions including: i) certain adjustments that would require the Company to issue additional securities to the Investors if the effective offering price to the public of Common Stock in connection with the next underwritten public offering is less than $4.00 per share; ii) a requirement to register the Shares, Pre-Funded Warrant Shares, and Common Stock Warrant Shares on a subsequent registration statement or statements; and, iii) certain restrictions on the Company's ability to conduct subsequent sales of its equity securities and certain business activities. Additional information related to such matters can be found in the Form 8-K filed by the Company with Securities and Exchange Commission on July 13, 2023.

On July 7, 2023, the Company entered into an amendment ("Amendment No. 8 to the First Notes") with the holders of the Company's outstanding 2022 Notes, as amended on February 14, 2023, and as subsequently amended on March 10, 2023, March 15, 2023, April 15, 2023, May 15, 2023, June 15, 2023, and July 1, 2023, issued in connection with a private placement financing the Company completed on July 6, 2022 (the "First Closing"). On July 1, 2023, the Company also entered into an amendment ("Amendment No. 8 to the Second Notes" with the holders of the Company's outstanding Second Notes, as amended on February 14, 2023, and as subsequently amended on March 10, 2023, March 15, 2023, April 15, 2023, May 15, 2023, June 15, 2023, and July 1, 2023, issued in connection with a private placement financing the Company completed on January 18, 2023 (the "Second Closing"). On July 1, 2023, the Company also entered into an amendment ("Amendment No. 3 to the Third Notes", and, together with Amendment No. 8 to the First Notes and Amendment No. 8 to the Second Notes, the "Amendments to the 2022 Notes") with the holders of the Company's outstanding Third Notes, as amended on June 15, 2023, and as subsequently amended on July 1, 2023, issued in connection with a private placement financing the Company completed on May 15, 2023 (the "Third Closing").

Under the Amendments to the 2022 Notes, the following amendments to the 2022 Notes, Second Notes, and Third Notes will be simultaneously effective upon the closing of an offering conducted in conjunction with an uplist of the Common Stock to any of, and in compliance with the rules of, the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American (the "Uplist Transaction"). The Specified Percentage (as defined below) of the then outstanding principal amount of the 2022 Notes, Second Notes, and Third Notes shall automatically convert (the "Automatic Conversion") into shares of Common Stock, with the conversion price for purposes of such Automatic Conversion being equal to the lower of (i) the per unit price at which any units (each unit being comprised of one share or share equivalent and accompanying warrants, if any) are sold in the Uplist Transaction or (ii) the price at which warrants issued in the Uplist Transaction are exercisable (but in no event increased above the conversion price in effect immediately prior to the pricing of the Uplist Transaction).

In addition, if the Holder (as defined below) (i) participates in the Uplist Transaction and in the Bridge Offering for a combined (taking into account the Holder's aggregate investment in the Uplist Transaction and the Bridge Offering) amount equal to no less than fifty percent (50%) of the Holder's original purchase price under the 2022 Notes, Second Notes, and Third Notes, and (ii) the Holder's amount of participation in the Uplist Transaction is at least 4.3 times the Holder's amount of participation in the Bridge Offering, then the Holder shall receive a pre-funded warrant (the "Participating Pre-Funded Warrant") to purchase a number of shares of Common Stock equal to the Specified Number (as defined below) times the dollar amount under the 2022 Notes that was converted in the Automatic Conversion. The Participating Pre-Funded Warrant (i) shall have an exercise price of $0.001 per share, (ii) may be exercised on a cashless basis, (iii) shall be exercisable by the Holder at any time commencing on the 90th day after issuance, (iv) may be redeemed by the Company for cash at a redemption price of $0.82 per share underlying the Participating Pre-Funded Warrant with any such redemption made pro rata to all holders of the Participating Pre-Funded Warrants, (v) and shall contain a customary beneficial ownership limitation provision. Additionally, the holder of the Participating Pre-Funded Warrants will agree that, until January 6, 2024, it shall not offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of, or announce the intention to otherwise dispose of, the Participating Pre-Funded Warrant.

"Specified Percentage" means the greater of: (i) the percentage specified by the Company by notice to the 2022 Note holders (the "Holders", and each a "Holder") at least five business days prior to the closing of the Uplist Transaction, which percentage shall be the percentage necessary to ensure the applicable Nasdaq requirements regarding the Uplist Transaction are satisfied, and (ii) the percentage specified by the Holder by notice to the Company at least three business days prior to the closing of the Uplist Transaction (which percentage may be different for each 2022 Note, Second Note, and/or Third Note as determined by each Holder thereof); provided, that in no event shall the Specified Percentage for the 2022 Notes, Second Notes, and/or Third Notes (A) exceed twenty five percent (25%) unless otherwise agreed in writing by the Holder, or (B) exceed fifty percent (50%) unless otherwise agreed in writing by the Company.

"Specified Number" means, if the Specified Percentage is 50%, 2.4, which number shall be increased by 1.6% for each percentage point decrease in the Specified Percentage, such increase being compounded iteratively for each percentage point decrease in the Specified Percentage, with the result rounded to two decimal places. Additional information related to such matters can be found in the Form 8-K filed by the Company with Securities and Exchange Commission on July 13, 2023.

Additionally, on July 7, 2023, the Company entered into an amendment (the "Omnibus Amendment to Notes and Warrants") with the Holders of the 2022 Notes, Second Notes, and Third Notes amending the 2022 Notes, Second Notes, and Third Notes and related warrants issued at each of the First Closing, Second Closing, and Third Closing (the "First Warrants", "Second Warrants" and "Third Warrants", respectively, and collectively, the "2022 Warrants"). Under the Omnibus Amendment to Notes and Warrants, the 2022 Notes, Second Notes, Third Notes, and related warrants were amended (i) to modify the Most Favored Nation provisions therein to exclude the Bridge Offering, and (ii) to prohibit the Company from engaging in any capital raising transactions, subject to certain exceptions, until the earlier of (A) July 7, 2027, and (B) the first date on which all Holders hold less than 20% of the original amount of the Participating Pre-Funded Warrants received by each Holder, respectively, in connection with the Automatic Conversion. Additional information related to such matters can be found in the Form 8-K filed by the Company with Securities and Exchange Commission on July 13, 2023.

On July 7, 2023 the Company paid $60,000 to a shareholder that had previously advanced the Company $50,000 to support operations. The payment satisfied all remaining obligations in connection with the $538,000 of shareholder advances received by the Company through May 12, 2023. The additional $488,000 was issued as a Third Note (see Note 11).

On July 11, 2023, the Company entered into a finance agreement with First Insurance Funding in order to fund a portion of its insurance policies. The amount financed is approximately $310,000 and incurs interest at a rate of 7.49%. Per the terms of its agreement with First Insurance Funding, the Company is required to make monthly payments of approximately $32,000 through April 2024.

On July 12, 2023, the Company secured countersigned notices of conversion from all remaining holders of the Series 1 Convertible Notes, and provided instructions to its transfer agent to issue a total of 59,912 shares of Common Stock in full satisfaction of all previously outstanding Series 1 Convertible Notes. Pursuant to the Series 1 Convertible Notes, the Company can elect to convert the principal and accrued interest under the Series Convertible Notes obligation (the "Series Note Obligations") upon the earlier of the effective time of the Uplisting Transaction, or the maturity date. In the case of an In-Kind Note Repayment, the outstanding Note Obligations will be calculated by increasing by thirty-five percent the aggregate sum of the unpaid Principal Amount held by each Holder and the accrued interest at a rate of ten percent per annum, subject to, with respect to any portion of the Principal Amount that is converted or prepaid before the twelve month anniversary of the Issuance Date, a minimum interest payment equal to ten percent of the amount that is converted or prepaid. As consideration for agreeing to subordinate to the 2022 Notes, the premium applicable in connection with an In-Kind Note Repayment at maturity was increased from thirty-five percent to sixty percent. In the event the Company exercises such option, the Series Note Obligations will be deemed to equal the product of 4.5 (which was previously 1.6 prior to the Series Note Amendments) and the outstanding Series Note Obligations.

On July 18, 2023, the Board of the Directors of the Company executed a unanimous written consent that, among other things, approved, subject to the approval of a majority of the stockholders of the Company, the following: 1) amend the Amended and Restated Articles of Incorporation (the "Articles") to a) increase the number of authorized shares of common stock, par value $0.001 (the "Common Stock") from 12 million to 350 million, b) create 5,000,000 shares of "blank check" preferred stock, and c) approve a reverse split at a ratio of between 1.5-for-1 and 20-for-1 without any proportionate decrease in the number of authorized shares; 2) amend the Bylaws of the Company to a) allow action by written consent of stockholders representing more than 50% of the total number of shares of Common Stock currently issued and outstanding, and b) establish that holders of thirty-three and one-third (33.3333%) of the total number of shares of Common Stock currently issued and outstanding shall constitute a quorum at any meeting of stockholders for the transaction of business, except as otherwise provided by the NRS or by the Articles; and, 3) approve the 2023 Omnibus Equity Incentive Plan with an initial reservation of 455,169 shares, options or other such grants. Additional information related to such matters can be found in the Form 8-K filed by the Company with Securities and Exchange Commission on July 24, 2023.

On July 31, 2023, Arch Therapeutics, Inc. (the "Company") entered into an amendment ("Amendment No. 9 to the First Notes") with the holders of the Company's outstanding 2022 Notes, as amended on February 14, 2023, and as subsequently amended on March 10, 2023, March 15, 2023, April 15, 2023, May 15, 2023, June 15, 2023, July 1, 2023 and July 7, 2023 issued in connection with a private placement financing the Company completed on July 6, 2022 (the "First Closing"). On July 31, 2023, the Company also entered into an amendment ("Amendment No. 9 to the Second Notes") with the holders of the Company's outstanding Second Notes, as amended on February 14, 2023, and as subsequently amended on March 10, 2023, March 15, 2023, April 15, 2023, May 15, 2023, June 15, 2023, July 1, 2023, and July 7, 2023 issued in connection with a private placement financing the Company completed on January 18, 2023 (the "Second Closing"). On July 31, 2023, the Company also entered into an amendment ("Amendment No. 4 to the Third Notes and, together with Amendment No. 9 to the First Notes and Amendment No. 9 to the Second Notes, the "Amendments to the 2022 Notes") with the holders of the Company's outstanding Third Notes, as amended on June 15, 2023, and as subsequently amended on July 1, 2023 and July 7, 2023 issued in connection with a private placement financing the Company completed on May 15, 2023 (the "Third Closing").

Under the Amendments to the 2022 Notes, the 2022 Notes, Second Notes, and Third Notes were amended to extend the date of the completion of an uplist to any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American (such transaction, an "Uplist Transaction") from July 31, 2023 to August 31, 2023.

As a result of the entry into the Amendments to the 2022 Notes, and pursuant to the terms of the Company's outstanding Exchanged Notes, the Exchanged Notes were automatically amended to extend the date of completion of an Uplist Transaction from July 31, 2023 to August 31, 2023. Additional information related to such matters can be found in the Form 8-K filed by the Company with Securities and Exchange Commission on August 4, 2023.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

References in this Quarterly Report on Form 10-Q (this "Quarterly Report", or this "Report") to "Arch Biosurgery, Inc." "Company", "we", "us", "our", "Arch" or similar references mean Arch Therapeutics, Inc. and its consolidated subsidiary, Arch Biosurgery, Inc. References to the "SEC" refer to the U.S. Securities and Exchange Commission.

Forward Looking Statements

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated condensed financial statements and the related notes included elsewhere in this Report. Our consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The following discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including, without limitation, statements regarding our expectations, beliefs, intentions or future strategies that are signified by the words "expect," "anticipate," "intend," "believe," or similar language. All forward-looking statements included in this Report are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Our business and financial performance are subject to substantial risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. In evaluating our business, you should carefully consider the information set forth under the heading "Risk Factors" included Part I, Item 1A of our Annual Report on Form 10-K for the year ended September 30, 2022 (the "Annual Report"), as well as in Item II, Part 1A of this Report. Readers are cautioned not to place undue reliance on these forward-looking statements.

AC5, AC5-G, AC5-V, AC5-P, Crystal Clear Surgery, NanoDrape and NanoBioBarrier and associated logos are trademarks and/or registered trademarks of Arch Therapeutics, Inc. and its subsidiary. For purposes herein, references to regulatory approval and marketing authorization may be used interchangeably.

Corporate Overview

Arch Therapeutics, Inc., (together with its subsidiary, the "*Company*" or "*Arch*") was incorporated under the laws of the State of Nevada on September 16, 2009, under the name "Almah, Inc.". Effective June 26, 2013, the Company completed a merger (the "*Merger*") with Arch Biosurgery, Inc. (formerly known as Arch Therapeutics, Inc.), a Massachusetts corporation ("*ABS*"), and Arch Acquisition Corporation ("*Merger Sub*"), the Company's wholly owned subsidiary formed for the purpose of the transaction, pursuant to which Merger Sub merged with and into ABS and ABS thereby became the wholly owned subsidiary of the Company. As a result of the acquisition of ABS, the Company abandoned its prior business plan and changed its operations to the business of a biotechnology company. Our principal offices are located in Framingham, Massachusetts.

ABS was incorporated under the laws of the Commonwealth of Massachusetts on March 6, 2006, as Clear Nano Solutions, Inc. On April 7, 2008, ABS changed its name from Clear Nano Solutions, Inc. to Arch Therapeutics, Inc. Effective upon the closing of the Merger, ABS changed its name from Arch Therapeutics, Inc. to Arch Biosurgery, Inc.

In the first quarter of 2021, the Company commenced commercial sales of our first product, AC5® Advanced Wound System, and has devoted substantially all of our operational effort to the research, development and regulatory programs necessary to turn our core technology into commercial products. To date, the Company has principally raised capital through debt borrowings, the issuance of convertible debt, and the issuance of units consisting of the Company's common stock, $0.001 par value per share ("*Common Stock*"), and warrants to purchase Common Stock ("*warrants*").

The Company expects to incur substantial expenses for the foreseeable future relating to research, development and commercialization of its potential products. However, there can be no assurance that the Company will be successful in securing additional resources when needed, on terms acceptable to the Company, if at all. Therefore, there exists substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments related to the recoverability of assets that might be necessary despite this uncertainty.

Business Overview

We are a biotechnology company marketing and developing a number of products based on our innovative AC5® self-assembling technology platform. We believe these products can be important advances in the field of stasis and barrier applications, which includes stopping bleeding ("*hemostasis*"), controlling leaking ("*sealant*"), and managing wounds created during surgery, trauma or interventional care, or from disease. We have only recently commenced commercial sales of our first product, AC5® Advanced Wound System, and have devoted substantially all of our operational effort to the research, development and regulatory programs necessary to turn our core technology into commercial products. Our goal is to make care faster and safer for patients with products for use on external wounds, which we refer to as Dermal Sciences applications, and products for use inside the body, which we refer to as BioSurgery applications.

Core Technology

Our flagship products and product candidates are derived from our AC5® self-assembling peptide ("*SAP*") technology platform and are sometimes referred to as AC5 or the "*AC5 Devices*." These include AC5® Advanced Wound System and AC5® Topical Hemostat, which have received marketing authorization as medical devices in the United States and Europe, respectively, and which are intended for skin applications, such as the management of complicated chronic wounds and acute surgical wounds. Other products are in development for use in minimally invasive or open surgical procedures, and include, for example, AC5-G™ for gastrointestinal endoscopic procedures, and AC5-V® and AC5® Surgical Hemostat for hemostasis inside the body, all of which are currently investigational devices limited by law to investigational use.

Products based on AC5 platform contain a biocompatible peptide that is synthesized from proteogenic, naturally occurring L-amino acids. Unlike products that contain traditional peptide sequences, when applied to a wound, AC5-based products intercalate into the interstices of the connective tissue and self-assemble into a protective physical-mechanical nanoscale structure that can provide a barrier to leaking substances, such as blood, while also acting as a biodegradable scaffold that enables healing. Self-assembly is a central component of the mechanism of action of our technology. Individual AC5 peptide units readily build themselves, or self-assemble, into an ordered network of nanofibrils when in aqueous solution by the following process:

- Peptide strands line up with neighboring peptide strands, interacting via hydrogen bonds (non-covalent bonds) to form a ribbon-like structure called a beta sheet.
- This process continues such that hundreds of strands organize with charged and polar side chains oriented on one face and non-polar side chains oriented on the opposite face of the beta sheets.
- Interactions of the resulting structure with water molecules and ions results in formation nanofibrils, which extend in length and can join together to form larger nanofibers.
- This network of AC5 peptide nanofibers forms the semi-solid physical-mechanical barrier that interacts with the extracellular matrix, is responsible for sealant, hemostatic and other properties, regardless of the presence of antithrombotic agents, and which subsequently becomes the scaffold that supports the repair and regeneration of damaged tissue.

Based on the intended application, we believe that the underlying AC5 SAP technology can impart important features and benefits to our products that may include, for instance, stopping bleeding (hemostasis), mitigating contamination, modulating inflammation, donating moisture, and enabling an appropriate wound microenvironment conducive to healing. Furthermore, we believe that AC5® SAP technology permits cell and tissue growth and is self-healing, in that it can dynamically self-repair around migrating cells. For instance, AC5® Advanced Wound System, which is indicated for the management of partial and full-thickness wounds, such as pressure sores, leg ulcers, diabetic ulcers, and surgical wounds, is shipped and stored at room temperature, is applied directly as a liquid, can conform to irregular wound geometry, self-assembles into a wound care matrix that can provide clinicians with multi-modal support, and does not possess sticky or glue-like handling characteristics. We believe these properties enhance its utility in several settings and contribute to its user-friendly profile.

We believe that our technology lends itself to a range of potential applications in which there is a wound inside or on the body, and in which there is need for a hemostatic agent or sealant. For instance, the results of certain preclinical and clinical investigations that either we have conducted, or others have conducted on our behalf, have shown quick and effective hemostasis with the use of AC5 SAP technology, and that time to hemostasis is comparable among test subjects regardless of whether such test subject had or had not been treated with therapeutic doses of anticoagulant or antiplatelet medications, commonly called "blood thinners." Furthermore, the transparency and physical properties of certain AC5 Devices may enable a surgeon to operate through it in order to maintain a clearer field of vision and prophylactically stop or lessen bleeding as surgery starts, a concept that we call Crystal Clear Surgery™. An example of a product that contains related features and benefits is AC5 Topical Hemostat, which is indicated for use as a dressing and to control mild to moderate bleeding, each during the management of injured skin and the micro-environment of an acute surgical wound.

Operations

Much of our operational efforts to date, which we often perform in collaboration with partners, have included selecting compositions and formulations for our initial products; conducting preclinical studies, including safety and other tests; conducting a human trial for safety and performance of AC5; developing and conducting a human safety study to assess for irritation and sensitization potential; securing marketing authorization for our first product in the United States and in Europe; developing, optimizing, and validating manufacturing methods and formulations, which are particularly important components of self-assembling peptide development; developing methods for manufacturing scale-up, reproducibility, and validation; engaging with regulatory authorities to seek early regulatory guidance as well as marketing authorization for our products; sourcing and evaluating commercial partnering opportunities in the United States and abroad; and developing and protecting the intellectual property rights underlying our technology platform.

Our long-term business plan includes the following goals:

- conducting biocompatibility, pre-clinical, and clinical studies on our products and product candidates;
- obtaining additional marketing authorization for products in the United States, Europe, and other jurisdictions as we may determine;
- continuing to develop third party relationships to manufacture, distribute, market and otherwise commercialize our products;
- continuing to develop academic, scientific and institutional relationships to collaborate on product research and development;
- expanding and maintaining protection of our intellectual property portfolio; and
- developing additional product candidates in Dermal Sciences, BioSurgery, and other areas.

In furtherance of our long-term business goals, we expect to continue to focus on the following activities during the next twelve months:

- seek additional funding as required to support the previously described milestones necessary to support operations;
- work with our manufacturing partners to scale up production of product compliant with current good manufacturing practices ("*cGMP*"), which activities will be ongoing and tied to our development and commercialization needs;
- further clinical development of our product platform;
- assess our technology platform in order to identify and select product candidates for potential advancement into development;
- seek regulatory input to guide activities related to expanded and new product marketing authorizations;
- continue to expand and enhance our financial and operational reporting and controls;
- pursue commercial partnerships; and
- expand and enhance our intellectual property portfolio by filing new patent applications, obtaining allowances on currently filed patent applications, and/or adding to our trade secrets in self-assembly, manufacturing, analytical methods and formulation, which activities will be ongoing as we seek to expand our product candidate portfolio.

We have no commitments for any future capital. We will require significant additional financing to fund our planned operations, including further research and development relating to AC5®, seeking regulatory approval of any product we may choose to develop, commercializing any product for which we are able to obtain regulatory approval or certification, seeking to license or acquire new assets or business, and maintaining our intellectual property rights, pursuing new technologies and for financing the investor relations and incremental administrative costs associated with being a public corporation.

The estimated capital requirements potentially could increase significantly if a number of risks relating to conducting these activities were to occur, including without limitation those set forth under the heading "*RISK FACTORS*" in our Annual Report. We anticipate that our operating and other expenses will continue to increase as we continue to implement our business plan and pursue and achieve these goals. We could spend our financial resources much faster than we expect, in which case we would need to raise additional capital as our current funds may not be sufficient to operate our business for the entire duration of that period.

Manufacturing

We work with contract manufacturing and related organizations, including those operating under cGMP, as is required by applicable regulatory agencies for production of product that can be used for preclinical and human testing as well as for commercial use. We also have engaged and continue to engage other third parties in the United States and abroad to advise on and perform certain manufacturing and related activities, typically with assistance from our team. These third parties include academic institutions, consultants, advisors, scientists, and/or other collaborators. The activities include development of our primary product candidates, as well as generation of appropriate analytical methods, scale-up, and other procedures for use by manufacturers and/or other members of our supply chain to produce or process our products at current and/or larger scale quantities for preclinical and clinical testing and ultimately, as required marketing authorizations are obtained, commercialization.

Our products are regulated as medical devices, and as such, many of our activities have focused on optimizing traditional parameters to target specifications, biocompatibility, physical appearance, stability, and handling characteristics, among other metrics, to achieve the desired product. We and our partners intend to continue to monitor manufacturing processes and formulation methods closely, as success or failure in establishing and maintaining appropriate specifications may directly impact our ability to conduct additional preclinical and clinical trials and/or deliver commercial product.

Merger with ABS and Related Activities

On June 26, 2013, the Company completed the Merger with ABS, pursuant to which ABS became a wholly owned subsidiary of the Company. In contemplation of the Merger, effective May 24, 2013, the Company increased its authorized Common Stock, from 375,000 shares to 1,500,000 shares and effected a forward stock split, by way of a stock dividend, of its issued and outstanding shares of Common Stock at a ratio of 11 shares to each 1 issued and outstanding share. Also, in contemplation of the Merger, effective June 5, 2013, the Company changed its name from Almah, Inc. to Arch Therapeutics, Inc. and changed the ticker symbol under which its Common Stock trades on the OTC Bulletin Board from “AACH” to “ARTH”.

Recent Developments

On January 13, 2023, the Company filed a Certificate of Change to the Company’s Articles of Incorporation, as amended, with the Secretary of State of the State of Nevada (the “Certificate of Change”), which effected, at 5:00 p.m. Eastern Time on January 17, 2023, a one-for-two-hundred (1:200) reverse stock split (the “Reverse Stock Split”) of both the Company’s issued and outstanding shares of Common Stock, and authorized shares of Common Stock.

As a result of the Reverse Stock Split, every two hundred (200) shares of Common Stock issued and outstanding was combined into one (1) share of Common Stock, with a proportionate 1:200 reduction in the Company’s authorized Common Stock. The Reverse Stock Split affected all stockholders uniformly and did not alter any stockholder’s percentage interest in the Company’s equity, except to the extent that the Reverse Stock Split would have resulted in some stockholders owning a fractional share. No fractional shares were issued in connection with the Reverse Stock Split. Any fractional shares of Common Stock resulting from the Reverse Stock Split were rounded up to the nearest whole post-Reverse Stock Split share and no stockholders received cash in lieu of fractional shares.

The Reverse Stock Split did not change the par value of the Common Stock. All outstanding securities entitling their holders to purchase shares of Common Stock or acquire shares of Common Stock, including stock options, restricted stock units, and warrants, were adjusted as a result of the Reverse Stock Split, as required by the terms of those securities.

On January 13, 2023, the Company filed a Certificate of Amendment (the "Certificate of Amendment") to the Company's Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Nevada to increase the number of authorized shares of Common stock from 4,000,000 shares to 12,000,000 shares. The increase in the number of authorized shares was approved by the Company's stockholders on September 29, 2022.

As previously disclosed in footnote 11 in this Form 10-Q, the Company entered into a Securities Purchase Agreement, dated July 6, 2022 (the "2022 SPA"), with certain institutional and accredited individual investors (collectively, the "Investors") for the issuance and sale by the Company to the Investors of convertible promissory notes (the "2022 Notes"), warrants (the "2022 Warrants") to purchase shares of common stock, par value $0.001 per share (the "Common Stock"), and shares of Common Stock (the "2022 Inducement Shares", and together with the 2022 Notes, and 2022 Warrants, the "2022 Convertible Note Offering"). The First Closing of the 2022 Convertible Note Offering occurred on July 6, 2022.

On January 18, 2023, the Company entered into Amendment No. 1 to the 2022 SPA (the "Amendment" and, together with the SPA, the "Amended 2022 SPA"), with certain Investors in connection with the second closing of the 2022 Convertible Note Offering for the issuance and sale by the Company to such Investors of an aggregate of (i) Unsecured Convertible Promissory Notes (each a "Second Note" and collectively, the "Second Notes") in the aggregate principal amount of $636,000, which includes an aggregate $106,000 original issue discount in respect of the Second Notes; (ii) warrants (the "Second Warrants") to purchase an aggregate of 127,968 shares (the "Second Warrant Shares") of Common Stock; and (iii) 9,598 shares of Common Stock (the "Second Inducement Shares"). The aggregate gross proceeds for the sale of the Second Notes, Second Warrants and Second Inducement Shares was approximately $530,000, before deducting any placement agent's fees and other estimated fees and offering expenses payable by the Company. The second closing of the sales of these securities under the Amended 2022 SPA occurred on January 18, 2023 (the "Second Closing Date").

On February 14, 2023, the Company entered into an amendment to its outstanding 2022 Notes issued on July 6, 2022 with the holders of such notes. Also on February 14, 2023, the Company entered into an amendment to its outstanding Second Notes issued on January 18, 2023 with the holders of such notes. These actions amended the 2022 Notes and Second Notes to extend the Uplist Transaction deadline related to the Company's efforts to uplist to any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American from February 15, 2023 to March 15, 2023.

As a result of the amendment to the 2022 Notes and Second Notes, and pursuant to the terms of the Company's outstanding Exchanged Notes, the Exchanged Notes were automatically amended to extend the date of completion of an Uplist Transaction from February 15, 2023 to March 15, 2023.

On March 10, 2023, the Company entered into exchange agreements (the "Exchange Agreements") with each holder (the "Warrantholders") of the Company's outstanding Series G Warrants to purchase shares of the Company's common stock, par value $0.001 per share (the "Common Stock") at an exercise price of $140.00 per share and the Company's outstanding Series H Warrants to purchase shares of Common Stock at an exercise price of $80.00 per share. Pursuant to the Exchange Agreements, the Warrantholders exchanged 34,013 Series G Warrants for 3,402 shares of Common Stock and 43,077 Series H Warrants for 8,617 shares of Common Stock.

On March 10, 2023, the Company entered into an amendment ("Amendment No. 2 to the First Notes") with the Requisite Holders of the Company's outstanding 2022 Notes, as amended on February 14, 2023, issued in connection with a private placement financing the Company completed on July 6, 2022 (the "First Closing"). On March 10, 2023, the Company also entered into an amendment ("Amendment No. 2 to the Second Notes" and, together with Amendment No. 2 to the First Notes, "Amendment No. 2 to the 2022 Notes") with the Requisite Holders of Company's Second Notes, as amended on February 14, 2023, issued in connection with a private placement financing the Company completed on January 18, 2023 (the "Second Closing" and, together with the First Closing, the "2022 Convertible Note Offering").

On March 15, 2023, the Company entered into amendments to the 2022 Notes ("Amendment No. 3 to the First Notes") and Second Notes ("Amendment No. 3 to the Second Notes" and collectively, "Amendment No. 3 to the 2022 Notes" and, together with Amendment No. 2 to the 2022 Notes, the "Amendments to the 2022 Notes") with the Requisite Holders of the 2022 Notes and Second Notes. Under Amendment No. 3 to the 2022 Notes, the 2022 Notes and Second Notes were amended to extend the Amendment No. 2 Termination Date from March 15, 2023 to April 15, 2023, which had the effect of extending to Uplist Transaction deadline from March 15, 2023 to April 15, 2023. In connection with Amendment No. 3 to the 2022 Notes, the Series Note Amendments Termination Date set forth under Amendment No. 1 to the Series 1 Unsecured Convertible Promissory Notes and Amendment No. 1 of the Series 2 Unsecured Convertible Promissory Notes was automatically extended from March 15, 2023 to April 15, 2023.

As a result of the entry into the Amendments to the 2022 Notes and Second Notes, and pursuant to the terms of the Company's outstanding Exchanged Notes, the Exchanged Notes were automatically amended to (i) extend the Amendment No. 2 Termination Date from March 15, 2023 to April 15, 2023; (ii) modify the terms of the Uplist Transaction repayment provision; and (iii) provide for the issuance of the 2023 Notes, subject to completion of the Uplist Transaction. Also, on March 15, 2023, in connection with Amendment No. 3 to the 2022 Notes and Second Notes, and pursuant to the terms of the Company's outstanding Series Notes, the Series Notes were automatically amended to extend the date of completion of an Uplist Transaction from March 15, 2023 to April 15, 2023. In connection with Amendment No. 3 to the 2022 Notes and Second Notes, the Series Note Amendments Termination Date set forth under Amendment No. 1 to the Series 1 Unsecured Convertible Promissory Notes and Amendment No. 1 of the Series 2 Unsecured Convertible Promissory Notes was automatically extended from March 15, 2023 to April 15, 2023.

On April 15, 2023, the Company entered into an amendment ("Amendment No. 4 to the First Notes") with the holders of the Company's outstanding 2022 Notes, as amended on February 14, 2023, March 10, 2023 and March 15, 2023, issued in connection with a private placement financing the Company completed on July 6, 2022 (the "First Closing"). On April 15, 2023, the Company also entered into an amendment ("Amendment No. 4 to the Second Notes" and, together with Amendment No. 4 to the First Notes, "Amendment No. 4 to the 2022 Notes") with the holders of the Company's outstanding Second Notes, as amended on February 14, 2023, March 10, 2023 and March 15, 2023 issued in connection with a private placement financing the Company completed on January 18, 2023 (the "Second Closing").

Under Amendment No. 4 to the 2022 Notes, the 2022 Notes and Second Notes were amended to extend the date of the completion of an uplist to any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American (such transaction, an "Uplist Transaction") from April 15, 2023 to May 15, 2023.

As a result of the entry into Amendment No. 4 to the 2022 Notes, and pursuant to the terms of the Company's outstanding Exchanged Notes, the Exchanged Notes were automatically amended to extend the date of completion of an Uplist Transaction from April 15, 2023 to May 15, 2023. Also, on April 15, 2023, in connection with Amendment No. 4 to the 2022 Notes, the Series Note Amendments Termination Date set forth under Amendment No. 1 to the Series 1 Unsecured Convertible Promissory Notes and Amendment No. 1 of the Series 2 Unsecured Convertible Promissory Notes was automatically extended from April 15, 2023 to May 15, 2023.

On April 15, 2023, the Company entered into an amendment ("Amendment No. 1 to the A&R Registration Rights Agreement") to that certain Amended and Restated Registration Rights Agreement, dated as of January 18, 2023, by and among the Company and certain institutional and accredited individual investors (as amended, the "A&R Registration Rights Agreement"). Under Amendment No. 1 to the A&R Registration Rights Agreement, the A&R Registration Rights Agreement was amended to extend the filing deadline by which the Company is obligated to file with the Securities and Exchange Commission a registration statement under the Securities Act of 1933, as amended, registering certain securities issued in the Second Closing, from April 18, 2023 to June 17, 2023.

On May 15, 2023, the Company entered into Amendment No. 2 to the 2022 SPA related to the 2022 Convertible Note Offering (the "Amendment" and, together with the 2022 SPA, the "Amended 2022 SPA"), with certain Investors in connection with the third closing of the 2022 Convertible Note Offering for the issuance and sale by the Company to an Investor of an aggregate of (i) Unsecured Convertible Promissory Notes (each a "Third Note" and collectively, the "Third Notes") in the aggregate principal amount of $702,720, which includes an aggregate $214,720 original issue discount in respect of the Third Notes; (ii) warrants (the "Third Warrants") to purchase an aggregate of 141,396 shares (the "Third Warrant Shares") of Common Stock; and (iii) 10,608 shares of Common Stock (the "Third Inducement Shares"). The aggregate gross proceeds for the sale of the Third Notes, Third Warrants and Third Inducement Shares was approximately $488,000, before deducting the placement agent's fees and other estimated fees and offering expenses payable by the Company. The third closing of the sales of these securities under the Amended SPA occurred on May 15, 2023 (the "Third Closing Date").

On May 15, 2023, the Company entered into an amendment ("Amendment No. 5 to the First Notes") with the holders of the Company's outstanding 2022 Notes, as amended on February 14, 2023, March 10, 2023, March 15, 2023 and April 15, 2023, issued in connection with a private placement financing the Company completed on July 6, 2022 (the "First Closing") to extend the date of the completion of the Uplist Transaction from May 15, 2023 to June 15, 2023. In connection with Amendment No. 5 to the 2022 Notes, the Series Note Amendments Termination Date set forth under Amendment No. 1 to the Series 1 Unsecured Convertible Promissory Notes and Amendment No. 1 of the Series 2 Unsecured Convertible Promissory Notes was automatically extended from May 15, 2023 to June 15, 2023.

On May 15, 2023, the Company also entered into an amendment ("Amendment No. 5 to the Second Notes" and, together with Amendment No. 5 to the First Notes, "Amendment No. 5 to the 2022 Notes") with the holders of the Company's outstanding Second Notes, as amended on February 14, 2023, March 10, 2023, March 15, 2023 and April 15, 2023 issued in connection with a private placement financing the Company completed on January 18, 2023 (the "Second Closing") to extend the date of the completion of the Uplist Transaction from May 15, 2023 to June 15, 2023.

As a result of the entry into Amendment No. 5 to the 2022 Notes, and pursuant to the terms of the Company's outstanding Exchanged Notes, the Exchanged Notes were automatically amended to extend the date of completion of an Uplist Transaction from May 15, 2023 to June 15, 2023. Also, on May 15, 2023, in connection with Amendment No. 5 to the 2022 Notes, the Series Note Amendments Termination Date set forth under Amendment No. 1 to the Series 1 Unsecured Convertible Promissory Notes and Amendment No. 1 of the Series 2 Unsecured Convertible Promissory Notes was automatically extended from May 15, 2023 to June 15, 2023.

Through May 12, 2023, the Company raised $538,000 in the form of shareholder advances from two different investors to support operations in advance of the Company's prospective Uplisting Transaction. On May 15, 2023, $488,000 of these shareholder advances, which was contributed by a single investor, were issued an Unsecured convertible note (the "Third Note") in connection with the Third Closing of the 2022 Convertible Note Offering (see Notes 11 and 15). The remaining $50,000 that was raised by the Company in the form of shareholder advances was repaid per the agreed terms on July 7, 2023 for $60,000.

On May 18, 2023 and May 31, 2023, the Company raised $340,000 and $350,015 from a shareholder and a third-party investor, respectively, to support operations in advance of the Company's anticipated closing of the Bridge Offering (as defined below, see Note 15). On July 7, 2023, the amount prefunded by the current shareholder was included in the first closing of a common stock, pre-funded warrant and common warrants Bridge Offering. The amount prefunded by the third party investor is expected to be included in a subsequent closing of the Bridge Offering.

On June 15, 2023, the Company entered into an amendment ("Amendment No. 6 to the First Notes") with the holders of the Company's outstanding 2022 Notes, as amended on February 14, 2023, March 10, 2023, March 15, 2023, April 15, 2023 and May 15, 2023, issued in connection with a private placement financing the Company completed on July 6, 2022 (the "First Closing") to extend the date of the completion of the Uplist Transaction from June15, 2023 to July 1, 2023. In connection with Amendment No. 6 to the 2022 Notes, the Series Note Amendments Termination Date set forth under Amendment No. 1 to the Series 1 Unsecured Convertible Promissory Notes and Amendment No. 1 of the Series 2 Unsecured Convertible Promissory Notes was automatically extended from June 15, 2023 to July 1, 2023.

On June 15, 2023, the Company also entered into an amendment ("Amendment No. 6 to the Second Notes" and, together with Amendment No. 6 to the First Notes, "Amendment No. 6 to the 2022 Notes") with the holders of the Company's outstanding Second Notes, as amended on February 14, 2023, March 10, 2023, March 15, 2023, April 15, 2023 and May 15, 2023 issued in connection with a private placement financing the Company completed on January 18, 2023 (the "Second Closing") to extend the date of the completion of the Uplist Transaction from June 15, 2023 to July 1, 2023.

As a result of the entry into Amendment No. 6 to the 2022 Notes, and pursuant to the terms of the Company's outstanding Exchanged Notes, the Exchanged Notes were automatically amended to extend the date of completion of an Uplist Transaction from June 15, 2023 to July 1, 2023. Also, on June 16, 2023, in connection with Amendment No. 6 to the 2022 Notes, the Series Note Amendments Termination Date set forth under Amendment No. 1 to the Series 1 Unsecured Convertible Promissory Notes and Amendment No. 1 of the Series 2 Unsecured Convertible Promissory Notes was automatically extended from June 15, 2023 to July 1, 2023.On May 18, 2023, the Company received an additional advance from a third party, who also participated in the other shareholder advances described herein, of $350,000, which is expected to be rolled into an anticipated near-term capital raise not related to the prior 2022 Convertible Note Offering. In addition, on May 31, 2023, the Company received an additional advance from a third party, of $350,015, which is also expected to be rolled into an anticipated near-term capital raise not related to the prior 2022 Convertible Note Offering.

On July 1, 2023, the "Company" entered into an amendment ("Amendment No. 7 to the First Notes") with the holders of the Company's outstanding 2022 Notes, as amended on February 14, 2023, and as subsequently amended on March 10, 2023, March 15, 2023, April 15, 2023, May 15, 2023, and June 15, 2023, issued in connection with a private placement financing the Company completed on July 6, 2022 (the "First Closing"). On July 1, 2023, the Company also entered into an amendment ("Amendment No. 7 to the Second Notes") with the holders of the Company's outstanding Second Notes, as amended on February 14, 2023, and as subsequently amended on March 10, 2023, March 15, 2023, April 15, 2023, May 15, 2023, and June 15, 2023, issued in connection with a private placement financing the Company completed on January 18, 2023 (the "Second Closing"). On July 1, 2023, the Company also entered into an amendment ("Amendment No. 2 to the Third Notes and, together with Amendment No. 7 to the First Notes and Amendment No. 7 to the Second Notes, the "Amendments to the 2022 Notes") with the holders of the Company's outstanding Third Notes, as amended on June 15, 2023, issued in connection with a private placement financing the Company completed on May 15, 2023 (the "Third Closing").

Under the Amendments to the 2022 Notes, the 2022 Notes, Second Notes, and Third Notes were amended to extend the date of the completion of an uplist to any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American (such transaction, an "Uplist Transaction") from July 31, 2023 to August 31, 2023.

As a result of the entry into the Amendments to the 2022 Notes, and pursuant to the terms of the Company's outstanding Exchanged Notes, the Exchanged Notes were automatically amended to extend the date of completion of an Uplist Transaction from July 31, 2023 to August 31, 2023. Also, as a result of the entry into the Amendments to the 2022 Notes, and pursuant to the terms of the Company's outstanding Series 1 Unsecured Convertible Promissory Notes and Series 2 Unsecured Convertible Promissory Notes, each as amended on March 10, 2023, the Series Note Amendments Termination Date set forth under Amendment No. 1 to the Series 1 Unsecured Convertible Promissory Notes and Amendment No. 1 to the Series 2 Unsecured Convertible Promissory Notes was automatically amended to extend from July 31, 2023 to August 31, 2023. Additional information related to such matters can be found in the Form 8-K filed by the Company with Securities and Exchange Commission on July 7, 2023.

On July 7, 2023, the Company announced that it had entered into a Securities Purchase Agreement (the "2023 SPA") with certain institutional and accredited individual investors (collectively, the "Investors") providing for the issuance and sale by the Company to the Investors of an aggregate of (i) 1,749,245 shares (the "Shares") of common stock, par value $0.001, of the Company (the "Common Stock") at a purchase price of $0.275 per share; (ii) 4,996,199 warrants (the "Pre-Funded Warrants") at a purchase price of $0.274 per Pre-Funded Warrant, to purchase an aggregate of 4,996,199 shares of Common Stock (the "Pre-Funded Warrant Shares"); and (iii) 13,490,888 warrants (the "Common Warrants") to purchase an aggregate 13,490,888 shares of Common Stock (the "Common Stock Warrants Shares"). The Shares, Pre-Funded Warrants, and Common Warrants were issued as part of a private placement offering authorized by the Company's board of directors (the "Bridge Offering").

Pursuant to the lock-up agreement provided for by the SPA, the Investors agreed that they would either (A) purchase securities, for cash, in an offering conducted in conjunction with an uplist of the Common Stock to any of, and in compliance with the rules of, the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American (the "Uplist Transaction") with an aggregate purchase price equal to at least 4.3 multiplied by the aggregate purchase price paid by the Investor for the Shares, Pre-Funded Warrants and Common Warrants under the SPA or (B) be subject to a lock-up provision not to sell or otherwise transfer any of the Shares, Pre-Funded Warrant Shares or Common Warrant Shares acquired by them in the Bridge Offering until the one-year anniversary of the Closing Date. The aggregate gross proceeds for the sale of the Shares, Pre-Funded Warrants, and Common Warrants will be approximately $1.85 million, before deducting the placement agent's fees and other estimated fees and offering expenses payable by the Company. The closing of the sales of these securities under the SPA occurred on July 7, 2023 (the "Closing Date").

The 2023 SPA also provides additional provisions including: i) certain adjustments that would require the Company to issue additional securities to the Investors if the effective offering price to the public of Common Stock in connection with the next underwritten public offering is less than $4.00 per share; ii) a requirement to register the Shares, Pre-Funded Warrant Shares, and Common Stock Warrant Shares on a subsequent registration statement or statements; and, iii) certain restrictions on the Company's ability to conduct subsequent sales of its equity securities and certain business activities. Additional information related to such matters can be found in the Form 8-K filed by the Company with Securities and Exchange Commission on July 13, 2023.

On July 7, 2023, the Company entered into an amendment ("Amendment No. 8 to the First Notes") with the holders of the Company's outstanding 2022 Notes, as amended on February 14, 2023, and as subsequently amended on March 10, 2023, March 15, 2023, April 15, 2023, May 15, 2023, June 15, 2023, and July 1, 2023, issued in connection with a private placement financing the Company completed on July 6, 2022 (the "First Closing"). On July 1, 2023, the Company also entered into an amendment ("Amendment No. 8 to the Second Notes" with the holders of the Company's outstanding Second Notes, as amended on February 14, 2023, and as subsequently amended on March 10, 2023, March 15, 2023, April 15, 2023, May 15, 2023, June 15, 2023, and July 1, 2023, issued in connection with a private placement financing the Company completed on January 18, 2023 (the "Second Closing"). On July 1, 2023, the Company also entered into an amendment ("Amendment No. 3 to the Third Notes", and, together with Amendment No. 8 to the First Notes and Amendment No. 8 to the Second Notes, the "Amendments to the 2022 Notes") with the holders of the Company's outstanding Third Notes, as amended on June 15, 2023, and as subsequently amended on July 1, 2023, issued in connection with a private placement financing the Company completed on May 15, 2023 (the "Third Closing").

Under the Amendments to the 2022 Notes, the following amendments to the 2022 Notes, Second Notes, and Third Notes will be simultaneously effective upon the closing of an offering conducted in conjunction with an uplist of the Common Stock to any of, and in compliance with the rules of, the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American (the "Uplist Transaction"). The Specified Percentage (as defined below) of the then outstanding principal amount of the 2022 Notes, Second Notes, and Third Notes shall automatically convert (the "Automatic Conversion") into shares of Common Stock, with the conversion price for purposes of such Automatic Conversion being equal to the lower of (i) the per unit price at which any units (each unit being comprised of one share or share equivalent and accompanying warrants, if any) are sold in the Uplist Transaction or (ii) the price at which warrants issued in the Uplist Transaction are exercisable (but in no event increased above the conversion price in effect immediately prior to the pricing of the Uplist Transaction).

In addition, if the Holder (as defined below) (i) participates in the Uplist Transaction and in the Bridge Offering for a combined (taking into account the Holder's aggregate investment in the Uplist Transaction and the Bridge Offering) amount equal to no less than fifty percent (50%) of the Holder's original purchase price under the 2022 Notes, Second Notes, and Third Notes, and (ii) the Holder's amount of participation in the Uplist Transaction is at least 4.3 times the Holder's amount of participation in the Bridge Offering, then the Holder shall receive a pre-funded warrant (the "Participating Pre-Funded Warrant") to purchase a number of shares of Common Stock equal to the Specified Number (as defined below) times the dollar amount under the 2022 Notes that was converted in the Automatic Conversion. The Participating Pre-Funded Warrant (i) shall have an exercise price of $0.001 per share, (ii) may be exercised on a cashless basis, (iii) shall be exercisable by the Holder at any time commencing on the 90th day after issuance, (iv) may be redeemed by the Company for cash at a redemption price of $0.82 per share underlying the Participating Pre-Funded Warrant with any such redemption made pro rata to all holders of the Participating Pre-Funded Warrants, (v) and shall contain a customary beneficial ownership limitation provision. Additionally, the holder of the Participating Pre-Funded Warrants will agree that, until January 6, 2024, it shall not offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of, or announce the intention to otherwise dispose of, the Participating Pre-Funded Warrant.

"Specified Percentage" means the greater of: (i) the percentage specified by the Company by notice to the 2022 Note holders (the "Holders", and each a "Holder") at least five business days prior to the closing of the Uplist Transaction, which percentage shall be the percentage necessary to ensure the applicable Nasdaq requirements regarding the Uplist Transaction are satisfied, and (ii) the percentage specified by the Holder by notice to the Company at least three business days prior to the closing of the Uplist Transaction (which percentage may be different for each 2022 Note, Second Note, and/or Third Note as determined by each Holder thereof); provided, that in no event shall the Specified Percentage for the 2022 Notes, Second Notes, and/or Third Notes (A) exceed twenty five percent (25%) unless otherwise agreed in writing by the Holder, or (B) exceed fifty percent (50%) unless otherwise agreed in writing by the Company.

"Specified Number" means, if the Specified Percentage is 50%, 2.4, which number shall be increased by 1.6% for each percentage point decrease in the Specified Percentage, such increase being compounded iteratively for each percentage point decrease in the Specified Percentage, with the result rounded to two decimal places. Additional information related to such matters can be found in the Form 8-K filed by the Company with Securities and Exchange Commission on July 13, 2023.

Additionally, on July 7, 2023, the Company entered into an amendment (the "Omnibus Amendment to Notes and Warrants") with the Holders of the 2022 Notes, Second Notes, and Third Notes amending the 2022 Notes, Second Notes, and Third Notes and related warrants issued at each of the First Closing, Second Closing, and Third Closing (the "First Warrants", "Second Warrants" and "Third Warrants", respectively, and collectively, the "2022 Warrants"). Under the Omnibus Amendment to Notes and Warrants, the 2022 Notes, Second Notes, Third Notes, and related warrants were amended (i) to modify the Most Favored Nation provisions therein to exclude the Bridge Offering, and (ii) to prohibit the Company from engaging in any capital raising transactions, subject to certain exceptions, until the earlier of (A) July 7, 2027, and (B) the first date on which all Holders hold less than 20% of the original amount of the Participating Pre-Funded Warrants received by each Holder, respectively, in connection with the Automatic Conversion. Additional information related to such matters can be found in the Form 8-K filed by the Company with Securities and Exchange Commission on July 13, 2023.

On July 7, 2023 the Company paid $60,000 to a shareholder that had previously advanced the Company $50,000 to support operations. The payment satisfied all remaining obligations in connection with the $538,000 of shareholder advances received by the Company through May 12, 2023. The additional $488,000 was issued as a Third Note (see Note 11).

On July 11, 2023, the Company entered into a finance agreement with First Insurance Funding in order to fund a portion of its insurance policies. The amount financed is approximately $310,000 and incurs interest at a rate of 7.49%. Per the terms of its agreement with First Insurance Funding, the Company is required to make monthly payments of approximately $32,000 through April 2024.

On July 12, 2023, the Company secured countersigned notices of conversion from all remaining holders of the Series 1 Convertible Notes, and provided instructions to its transfer agent to issue a total of 59,912 shares of Common Stock in full satisfaction of all previously outstanding Series 1 Convertible Notes. Pursuant to the Series 1 Convertible Notes, the Company can elect to convert the principal and accrued interest under the Series Convertible Notes obligation (the "Series Note Obligations") upon the earlier of the effective time of the Uplisting Transaction, or the maturity date. In the case of an In-Kind Note Repayment, the outstanding Note Obligations will be calculated by increasing by thirty-five percent the aggregate sum of the unpaid Principal Amount held by each Holder and the accrued interest at a rate of ten percent per annum, subject to, with respect to any portion of the Principal Amount that is converted or prepaid before the twelve month anniversary of the Issuance Date, a minimum interest payment equal to ten percent of the amount that is converted or prepaid. As consideration for agreeing to subordinate to the 2022 Notes, the premium applicable in connection with an In-Kind Note Repayment at maturity was increased from thirty-five percent to sixty percent. On March 10, 2023, the Company entered into Amendment 2 of the Series 1 Convertible notes and pursuant this amendment, the Company can elect to convert the principal and accrued interest under the Series Convertible Notes (the "Series Note Obligations") upon the earlier of the effective time of the Uplisting Transaction, or the maturity date. In the event the Company exercises such option, the Series Note Obligations will be deemed to equal the product of 4.5 (which was previously 1.6 prior to the Series Note Amendments) and the outstanding Series Note Obligations.

On July 18, 2023, the Board of the Directors of the Company executed a unanimous written consent that, among other things, approved, subject to the approval of a majority of the stockholders of the Company, the following: 1) amend the Amended and Restated Articles of Incorporation (the "Articles") to a) increase the number of authorized shares of common stock, par value $0.001 (the "Common Stock") from 12 million to 350 million, b) create 5,000,000 shares of "blank check" preferred stock, and c) approve a reverse split at a ratio of between 1.5-for-1 and 20-for-1 without any proportionate decrease in the number of authorized shares; 2) amend the Bylaws of the Company to a) allow action by written consent of stockholders representing more than 50% of the total number of shares of Common Stock currently issued and outstanding, and b) establish that holders of thirty-three and one-third (33.3333%) of the total number of shares of Common Stock currently issued and outstanding shall constitute a quorum at any meeting of stockholders for the transaction of business, except as otherwise provided by the NRS or by the Articles; and, 3) approve the 2023 Omnibus Equity Incentive Plan with an initial reservation of 455,169 shares, options or other such grants. Additional information related to such matters can be found in the Form 8-K filed by the Company with Securities and Exchange Commission on July 24, 2023.

On July 31, 2023, Arch Therapeutics, Inc. (the "Company") entered into an amendment ("Amendment No. 9 to the First Notes") with the holders of the Company's outstanding 2022 Notes, as amended on February 14, 2023, and as subsequently amended on March 10, 2023, March 15, 2023, April 15, 2023, May 15, 2023, June 15, 2023, July 1, 2023 and July 7, 2023 issued in connection with a private placement financing the Company completed on July 6, 2022 (the "First Closing"). On July 31, 2023, the Company also entered into an amendment ("Amendment No. 9 to the Second Notes") with the holders of the Company's outstanding Second Notes, as amended on February 14, 2023, and as subsequently amended on March 10, 2023, March 15, 2023, April 15, 2023, May 15, 2023, June 15, 2023, July 1, 2023, and July 7, 2023 issued in connection with a private placement financing the Company completed on January 18, 2023 (the "Second Closing"). On July 31, 2023, the Company also entered into an amendment ("Amendment No. 4 to the Third Notes and, together with Amendment No. 9 to the First Notes and Amendment No. 9 to the Second Notes, the "Amendments to the 2022 Notes") with the holders of the Company's outstanding Third Notes, as amended on June 15, 2023, and as subsequently amended on July 1, 2023 and July 7, 2023 issued in connection with a private placement financing the Company completed on May 15, 2023 (the "Third Closing").

Under the Amendments to the 2022 Notes, the 2022 Notes, Second Notes, and Third Notes were amended to extend the date of the completion of an uplist to any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American (such transaction, an "Uplist Transaction") from July 31, 2023 to August 31, 2023.

As a result of the entry into the Amendments to the 2022 Notes, and pursuant to the terms of the Company's outstanding Exchanged Notes, the Exchanged Notes were automatically amended to extend the date of completion of an Uplist Transaction from July 31, 2023 to August 31, 2023. Additional information related to such matters can be found in the Form 8-K filed by the Company with Securities and Exchange Commission on August 4, 2023.

Results of Operations

The following discussion of our results of operations should be read together with the unaudited interim consolidated financial statements included in this Report. The period-to-period comparisons of our interim results of operations that follow are not necessarily indicative of future results.

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

	June 30, 2023 ($)	June 30, 2022 ($)	Increase (Decrease) ($)
Revenue	13,293	6,261	7,032
Operating Expense:			
Cost of revenues	18,529	17,140	1,389
Selling, general and administrative	870,053	836,215	33,838
Research and development	139,048	159,846	(20,798)
Loss from Operations	(1,014,337)	(1,006,940)	(7,397)
Other Expense	(808,770)	(39,890)	768,880
Net loss	(1,823,107)	(1,046,830)	776,277

Revenue

Revenue for the three months ended June 30, 2023 was $13,293, an increase of $7,032 compared to revenue of $6,261 for the three months ended June 30, 2022. Revenue for the three months ended June 30, 2023 and 2022 was the result of transactions into VA Hospitals through our distribution partner, Lovell Government Services (“LGS”).

Cost of Revenues

Cost of revenue during the three months ended June 30, 2023 was $18,529, an increase of $1,389 compared to cost of revenue of $17,140 for the three months ended June 30, 2022. Cost of revenue includes product costs, third party warehousing, overhead allocation, royalty and shipping costs.

Selling, General and Administrative Expense

Selling, general and administrative expense during the three months ended June 30, 2023 was $870,053, an increase of $33,838 compared to $836,215 for the three months ended June 30, 2022. The increase in selling, general and administrative expense for the three months ended June 30, 2023 is primarily attributable to an increase in payroll benefit costs.

Research and Development Expense

Research and development expense during the three months ended June 30, 2023 was $139,048 a decrease of $20,798 compared to $159,846 for the three months ended June 30, 2022. The decrease in research and development expense is primarily attributable to a decrease in compensation costs attributed to a reduction in headcount.

Other Expense

Other expense during the three months ended June 30, 2023 was $808,770, an increase of $768,880 compared to other expense of $39,890 for the three months ended June 30, 2022. The increase in other expense is primarily attributed to an increase in interest expense related to the 2022 Notes, Second Notes and Third Notes.

Nine Months Ended June 30, 2023 Compared to Nine Months Ended June 30, 2022

	June 30, 2023 ($)	June 30, 2022 ($)	Increase (Decrease) ($)
Revenue	36,207	14,086	22,121
Operating Expense:			
Cost of revenues	54,882	51,363	3,519
Selling, general and administrative	3,225,753	3,308,227	(82,474)
Research and development	471,135	922,120	(450,985)
Loss from Operations	(3,715,563)	(4,267,624)	(552,061)
Other (Expense) Income	(810,077)	880,329	1,690,406
Net loss	(4,525,640)	(3,387,295)	(1,138,345)

Revenue

Revenue for the nine months ended June 30, 2023 was $36,207, an increase of $22,121 compared to revenue of $14,086 for the nine months ended June 30, 2022. Revenue for the nine months ended June 30, 2023 and 2022 was primarily the result of transactions into VA Hospitals through our distribution partner, LGS.

Cost of Revenue

Cost of revenue during the nine months ended June 30, 2023 was $54,882 an increase of $3,519 compared to cost of revenue of $51,363 for the nine months ended June 30, 2022. Cost of revenue includes product costs, third party warehousing, overhead allocation, royalty and shipping costs.

Selling, General and Administrative Expense

Selling, general and administrative expense during the nine months ended June 30, 2023 was $3,225,753, a decrease of $82,474 compared to $3,308,227 for the nine months ended June 30, 2022. The decrease in selling, general and administrative expense for the nine months ended June 30, 2023 is primarily attributable to a decrease in compensation costs attributed to a reduction in headcount partially offset by an increase in legal and consulting costs.

Research and Development Expense

Research and development expense during the nine months ended June 30, 2023 was $471,135 a decrease of $450,985 compared to $922,120 for the nine months ended June 30, 2022. The decrease in research and development expense is primarily attributable to a decrease in compensation costs attributed to a reduction in headcount.

Other (Expense) Income

Other expense during the nine months ended June 30, 2023 was $810,077 an increase of $1,690,406 compared to other income of $880,329 for the nine months ended June 30, 2022. The increase in other (expense) income is primarily attributed to an increase in interest expense related to the 2022 Notes, Second Notes and Third Notes offset by a gain for the extinguishment of the Series G warrants and Series H warrants derivative liabilities during the nine months ended June 30, 2023 and the impact of the expiration of the Series F warrants during the nine months ended June 30, 2022.

Liquidity and Capital Resources

In the first calendar quarter of 2021, the Company commenced commercial sales of our first product, AC5® Advanced Wound System. We devote a significant amount of our efforts on fundraising as well as planning and conducting product research and development and activities in connection with obtaining regulatory marketing authorization. We have principally raised capital through the issuance of convertible debt and units consisting of Common Stock and warrants to fund our operations.

Working Capital

At June 30, 2023, we had total current assets of $1,560,018 (including cash of $86,542) and working capital deficit of $8,019,256. Our working capital as of June 30, 2023 and September 30, 2022 are summarized as follows:

	June 30, 2023	September 30, 2022
Total Current Assets	$ 1,560,018	$ 2,598,195
Total Current Liabilities	9,579,274	3,320,494
Working Capital deficit	$ (8,019,256)	$ (722,299)

Total current assets as of June 30, 2023 were $1,560,018, a decrease of $1,038,177 compared to $2,598,195 as of September 30, 2022. The decrease in current assets is primarily attributable to a decrease in cash and prepaid expenses. Our total current assets as of June 30, 2023 and September 30, 2022 were comprised primarily of cash, inventory and prepaid expenses and other current assets.

Total current liabilities as of June 30, 2023 were $9,579,274, an increase of $6,258,780 compared to $3,320,494 as of September 30, 2022. The increase is primarily due to an increase in accounts payable, the current portion of the Series 2 Convertible Notes, the current portion of the 2022 Notes, current portion of the Unsecured convertible notes, which includes both the Second Notes, the Third Notes and the Exchanged Notes, Shareholder and Third Party advances related to bridge financing and the accrued interest associated with these notes partially offset by a decrease to the amount owed in connection with the financing of certain insurance premiums and the decrease in the fair value of the derivative liability resulting from the exchange of the Series G warrants into common stock.

Cash Flow for the Nine Months Ended June 30, 2023 Compared to the Nine Months Ended June 30, 2022

	June 30, 2023	June 30, 2022
Cash Used in Operating Activities	$ (2,147,480)	$ (2,786,642)
Cash Provided by Financing Activities	1,487,082	575,000
Net decrease in Cash	$ (660,398)	$ (2,211,642)

Cash Used in Operating Activities

Cash used in operating activities decreased by $639,162 to $2,147,480 during the nine months ended June 30, 2023, compared to $2,786,642 during the nine months ended June 30, 2022. The decrease in cash used in operating activities is primarily attributable the Company managing expenses and an increase in accounts payable and accrued interest.

Cash Used in Financing Activities

Cash provided by financing activities increased by $912,082 to $1,487,082 during the nine months ended June 30, 2023, compared to $575,000 cash provided by financing activities during the nine months ended June 30, 2022. For the nine months ended June 30, 2023, the cash provided by financing activities was attributable to the Second Closing of the 2022 Convertible Note Offering, the Third Closing of the 2022 Convertible Note Offering and shareholder advances, which was partially offset by payments made in connection with the financing of certain insurance premiums. For the nine months ended June 30, 2022, the cash provided by financing activities resulted from net proceeds of $575,000 raised from the advances from investors.

Cash Requirements

We anticipate that our operating expenses, interest expense and other expenses will increase significantly as we continue to implement our business plan and pursue our operational goals. Depending upon additional input from EU and US regulatory authorities, however, we do not expect to generate sufficient revenues from operations before we will need to raise additional capital. Further, our estimates regarding our use of cash could change if we encounter unanticipated difficulties or other issues arise, including without limitation those set forth under the heading "RISK FACTORS" described in our Annual Report, in which case our current funds may not be sufficient to operate our business for the period we expect.

In the first quarter of 2021, the Company commenced commercial sales of our first product, AC5® Advanced Wound System. That revenue will not be sufficient to fund our business operations and we will need to obtain additional funding from external sources for the foreseeable future. We do not have any commitments for future capital. Significant additional financing will be required to fund our planned operations in the near term and in future periods, including research and development activities relating to our potential new product candidates, seeking regulatory approval of any other product candidates we may choose to develop, commercializing any product candidates for which we are able to obtain regulatory approval or certification, seeking to license or acquire new assets or businesses, and maintaining our intellectual property rights and pursuing rights to new technologies. We may not be able to obtain additional financing on commercially reasonable or acceptable terms when needed, or at all. We are bound by certain contractual terms and obligations that may limit or otherwise impact our ability to raise additional funding in the near-term including, but not limited to, provisions in the 2022 SPA (see Note 12) and 2023 SPA (see Notes 2 and 15) restricting our ability to effect or enter into an agreement to effect any issuance by the Company or any of its subsidiaries of Common Stock or securities convertible, exercisable or exchangeable for Common Stock (or a combination of units thereof) involving a Variable Rate Transaction. These restrictions and provisions could make it more challenging for us to raise capital through the incurrence of debt or through equity issuances. If we cannot raise the money that we need in order to continue to develop our business, we will be forced to delay, scale back or eliminate some or all of our proposed operations. If any of these were to occur, there is a substantial risk that our business would fail, and our stockholders could lose all of their investments.

As previously noted, since inception we have funded our operations primarily through equity and debt financings and we expect to continue to seek to do so in the future. If we obtain additional financing by issuing equity securities, our existing stockholders' ownership will be diluted. Additionally, the terms of securities we may issue in future capital-raising transactions may be more favorable for our new investors, and in particular may include preferences, superior voting rights and the issuance of warrants or other derivative securities, which may have additional dilutive effects. If we obtain additional financing by incurring debt, we may become subject to significant limitations and restrictions on our operations pursuant to the terms of any loan or credit agreement governing the debt. Further, obtaining any loan, assuming a loan would be available when needed on acceptable terms, would increase our liabilities and future cash commitments. We may also seek funding from collaboration or licensing arrangements in the future, which may require that we relinquish potentially valuable rights to our product candidates or proprietary technologies or grant licenses on terms that are not favorable to us. Moreover, regardless of the manner in which we seek to raise capital, we may incur substantial costs in those pursuits, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other related costs.

Going Concern

We have commenced commercial sales of our first product, AC5® Advanced Wound System. From inception, we have had recurring losses from operations. The continuation of our business as a going concern is dependent upon raising additional capital and eventually attaining and maintaining profitable operations. As of June 30, 2023, there is substantial doubt about the Company's ability to continue as a going concern. The financial statements included in this Annual Report do not include any adjustments that might be necessary should operations discontinue.

Critical Accounting Policies and Significant Judgments and Estimates

Pursuant to certain disclosure guidance issued by the SEC, the SEC defines "critical accounting policies" as those that require the application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Our critical accounting policies that we anticipate will require the application of our most difficult, subjective or complex judgments are as follows:

Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of inventories comprises expenditures incurred in acquiring the inventories, the cost of conversion and other costs incurred in bringing them to their existing location and condition. The cost of raw materials, work-in-progress and finished goods and other products are determined on a First in First out (FiFo) basis. When determining net realizable value, appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value.

Complex Financial Instruments

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates its financial instruments, including warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. The Company values its derivatives using the Black-Scholes option-pricing model or other acceptable valuation models, including Monte-Carlo simulations. Derivative instruments are valued at inception, upon events such as an exercise of the underlying financial instrument, and at subsequent reporting periods. The classification of derivative instruments, including whether such instruments should be recorded as liabilities, is re-assessed at the end of each reporting period.

The Company reviews the terms of debt instruments, equity instruments, and other financing arrangements to determine whether there are embedded derivative features, including embedded conversion options that are required to be bifurcated and accounted for separately as a derivative financial instrument. Additionally, in connection with the issuance of financing instruments, the Company may issue freestanding options and warrants, including options or warrants to non-employees in exchange for consulting or other services performed.

The Company accounts for its common stock warrants in accordance with Accounting Standards Codification ("ASC") 815,*Derivatives and Hedging* ("ASC 815"). Based upon the provisions of ASC 815, the Company accounts for common stock warrants as liabilities if the warrant requires net cash settlement or gives the holder the option of net cash settlement, or it fails the equity classification criteria. The Company accounts for common stock warrants as equity if the contract requires physical settlement or net physical settlement or if the Company has the option of physical settlement or net physical settlement and the warrants meet the requirements to be classified as equity. Common stock warrants classified as liabilities are initially recorded at fair value on the grant date and remeasured at fair value each balance sheet date with the offset adjustments recorded in change in fair value of warrant liability within the consolidated statements of operations. Common stock warrants classified as equity are initially measured at fair value on the grant date and are not subsequently remeasured.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, the Principal Executive Officer and Principal Financial Officer and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued in 2013 by the Committee of Sponsoring Organizations ("*COSO*"). We believe, that as of September 30, 2022, there existed a material weakness in our internal control over financial reporting. The deficiencies in the design of internal control over financial reporting related to a lack of sufficient resources with an understanding of the technical guidance under generally accepted accounting principles related to accounting for complex financial instruments within the 2022 Notes and certain accounting practices relating to the recording of the insurance premium advanced by a third party. Accordingly, the Audit Committee in consultation with management has determined that these matters may be best addressed by: (i) reviewing accounting literature and other technical materials to ensure that the appropriate personnel have a full awareness and understanding of the applicable accounting pronouncements and how they are to be implemented; (ii) additional education on new and existing accounting pronouncements and their application and (iii) requiring senior accounting staff and outside consultants with technical accounting experience to review complex transactions to evaluate and approve the accounting treatment of such transactions. Accordingly, the Board has recommended to management and management has agreed that the Company's accounting staff, including its Chief Financial Officer, undertake additional training on an accelerated basis and that such training, in view of the complexity of certain generally accepted accounting principles and other matters be ongoing and engage third party specialists on an as-needed basis to help supplement the Company's internal resources. During the quarter ended June 30, 2023 the Company formally engaged an outside consultant with technical accounting expertise to review complex transactions and to evaluate the accounting treatment of such transactions.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control Over Financial Reporting

Other than the formal engagement with an outside consultant with technical accounting expertise entered into during the quarter ended June 30, 2023, there were no changes in our internal controls over financial reporting that occurred during the quarter ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. From time to time, we make changes to our internal control over financial reporting that are intended to enhance its effectiveness, and which do not have a material effect on our overall internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, we may become a party to legal proceedings involving various matters. We are unaware of any such legal proceedings presently pending to which we or our subsidiary is a party or of which any of our property is the subject that management deems to be, individually or in the aggregate, material to our financial condition or results of operations.

Item 1A. Risk Factors

In addition to the other information set forth in this Report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" of our Annual Report, which could materially affect our business, financial condition or future results. The risks described in our Annual Report may not be the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company's business, financial condition and/or operating results.

There were no material changes to the risk factors previously disclosed in our Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Not applicable

Item 6. Exhibits

Exhibit No.	Exhibit Title	Filed Herewith	Incorporated by Reference			
			Form	Exhibit No.	File No.	Filing Date
3.1	Amended and Restated Bylaws, as amended to date	X				
4.1	Form of Pre-Funded Warrant	X				
4.2	Form of Common Warrant	X				
10.1	Form of Amendment No. 4 to the First Notes		8-K	10.1	000-54986	4/20/23
10.2	Form of Amendment No. 4 to the Second Notes		8-K	10.2	000-54986	4/20/23
10.3	Form of Amendment No. 1 to the A&R Registration Rights Agreement.		8-K	10.3	000-54986	4/20/23
10.4	Form of Amendment No.2 to Securities Purchase Agreement*		10-Q	10.1	000-54986	5/22/23
10.5	Form of Third Note		10-Q	10.2	000-54986	5/22/23
10.6	Form of Third Warrant		10-Q	10.3	000-54986	5/22/23
10.7	Form of Second A&R Registration Rights Agreement		10-Q	10.4	000-54986	5/22/23
10.8	Form of Amendment No. 5 to the First Notes		10-Q	10.5	000-54986	5/22/23
10.9	Form of Amendment No. 5 to the Second Notes		10-Q	10.6	000-54986	5/22/23
10.10	Form of Amendment No. 6 to the First Notes		8-K	10.1	000-54986	6/22/23
10.11	Form of Amendment No. 6 to the Second Notes		8-K	10.2	000-54986	6/22/23
10.12	Form of Amendment No. 1 to the Third Notes		8-K	10.3	000-54986	6/22/23
10.13	Form of Amendment No. 7 to the First Notes		8-K	10.1	000-54986	7/7/23
10.14	Form of Amendment No. 7 to the Second Notes		8-K	10.2	000-54986	7/7/23
10.15	Form of Amendment No. 2 to the Third Notes		8-K	10.3	000-54986	7/7/23
10.16	Arch Therapeutics, Inc. 2023 Equity Incentive Plan		8-K	10.1	000-54986	7/24/23
10.17	Form of Amendment No. 8 to the First Notes	X				
10.18	Form of Amendment No. 8 to the Second Notes	X				
10.19	Form of Amendment No. 3 to the Third Notes	X				
10.20	Form of Omnibus Amendment to Notes and Warrants	X				
10.21	Form of Amendment No. 9 to the First Notes		8-K	10.1	000-54986	8/4/23
10.22	Form of Amendment No. 9 to the Second Notes		8-K	10.2	000-54986	8/4/23
10.23	Form of Amendment No. 4 to the Third Notes		8-K	10.3	000-54986	8/4/23
10.24	Form of Securities Purchase Agreement dated July 7, 2023, by and among the Company and the signatories thereto*	X				
10.25	Form of Registration Rights Agreement dated July 7, 2023, by and among the Company and the signatories thereto	X				
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities and Exchange Act of 1934	X				
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities and Exchange Act of 1934	X				
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by Terrence W. Norchi, President and Chief Executive Officer, and Michael S. Abrams, Chief Financial Officer and Treasurer	X				
101.INS	Inline XBRL Instance Document					
101.SCH	Inline XBRL Taxonomy Extension Schema Document					
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101)					

* Pursuant to Item 601(b)(10) of Regulation S-K, certain identified information has been excluded from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed. Further, the schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the Securities and Exchange Commission upon request.

SIGNATURE

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

ARCH THERAPEUTICS, INC.

Date: August 11, 2023 By: /s/ TERRENCE W. NORCHI, MD

Terrence W. Norchi, MD
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 11, 2023 By: /s/ MICHAEL S. ABRAMS

Michael S. Abrams
Chief Financial Officer
(Principal Financial and Accounting Officer)

AMENDED AND RESTATED BYLAWS OF ARCH THERAPEUTICS, INC.

ARTICLE 1

OFFICES

Section 1.1 Principal Office.

The principal offices of the Corporation shall be located at such place as the Board of Directors may from time to time determine.

Section 1.2 Other Offices.

The Corporation may also have offices at such other places, either within or without the State of Nevada, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE 2

STOCKHOLDERS' MEETINGS

Section 2.1 Place of Meetings.

(a) All meetings of stockholders shall be held at such place, either within or without the State of Nevada, as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as authorized by paragraph (b) of this Section 2.1.

(b) If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication:

(1) Participate in a meeting of stockholders; and

(2) Be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (A) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (B) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (C) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

(c) For purposes of these Bylaws, "remote communication" shall include electronic communications, videoconferencing, teleconferencing or other available technology which allows the stockholders to communicate simultaneously or sequentially.

Section 2.2 Annual Meetings.

The annual meetings of the stockholders of the Corporation, for the purpose of election of directors and for such other business as may lawfully come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors and stated in the notice of meeting.

Section 2.3 Special Meetings.

Special meetings of the stockholders may be called for any purpose or purposes, unless otherwise prescribed by the Nevada Revised Statutes ("NRS") or by the Articles of Incorporation of the Corporation, as amended (the "Articles of Incorporation"), by the Chairman of the Board, the President or the Board of Directors at any time. Only such business shall be brought before a special meeting of stockholders as shall have been specified in the notice of such meeting.

Section 2.4 Notice of Meetings.

(a) Except as otherwise provided by the NRS or the Articles of Incorporation, written notice of each meeting of stockholders, specifying (i) the place, if any, date and hour and, for a special meeting, the purpose or purposes of the meeting, (ii) the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and (iii) the record date for determining the stockholders entitled to notice of and to vote at such meeting, shall be delivered or mailed not less than 10 nor more than 60 days before the date of such meeting to each stockholder entitled to vote thereat.

(b) When a meeting is adjourned to another time or place, notice need not be delivered of the adjourned meeting if the place, if any, date and hour thereof, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which the adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting, in which event a notice of the adjourned meeting shall be given to each stockholder of record entitled to notice of and to vote at such meeting. If the adjournment is for more than 60 days, the Board of Directors shall set a new record date and notice of the adjourned meeting shall be delivered to each stockholder of record entitled to vote at the adjourned meeting.

(c) Notice of the date, time, place (if any) and purpose of any meeting of stockholders may be waived in writing, either before or after such meeting, and, to the extent permitted by law, will be waived by any stockholder by his attendance thereat, in person or by proxy.

(d) Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the NRS, the Articles of Incorporation, or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (i) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent, and (ii) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent or other person responsible for the giving of notice; provided, however, that the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given in the form of electronic transmission shall be deemed given when (1) it enters an information processing system that the recipient has designated or uses for the purpose of receiving electronic transmissions or information of the type being sent, and (2) it is in a form ordinarily capable of being processed by that system. An affidavit of the Secretary or of the transfer agent or any other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of these Bylaws, "electronic transmission" means any form or process of communication not directly involving the physical transfer of paper or another tangible medium which (A) is suitable for the retention, retrieval and reproduction of information by the recipient and (B) is retrievable and reproducible in paper form by such a recipient through an automated process used in conventional commercial practice.

Section 2.5 Quorum and Voting.

(a) The holders of thirty-three and one-third percent (33.3333%) of the shares of capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy (regardless of whether the proxy has authority to vote on each matter at such meeting), shall constitute a quorum at any meeting of stockholders for the transaction of business, except as otherwise provided by the NRS or by the Articles of Incorporation. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, by vote of the holders of thirty-three and one-third percent (33.3333%) of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. At such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the original meeting.

(b) When a quorum is present at any meeting of the stockholders, an action by the stockholders is approved if the number of votes cast in favor of the action exceeds the number of votes cast in opposition to the action, unless the action is one upon which, by express provision of applicable law, the Articles of Incorporation or these Bylaws (including, without limitation, Section 3.1), a different vote is required, in which case such express provision shall govern and control the vote required to approve such action. For purposes of these Bylaws, a share present at a meeting, but for which there is an abstention or as to which a stockholder gives no authority or direction as to a particular proposal or director nominee, shall be counted as present for the purpose of establishing a quorum but shall not be counted as a vote cast.

Section 2.6 Voting Rights.

(a) Every stockholder having the right to vote shall be entitled to vote in person, or by proxy appointed by a writing subscribed by such stockholder or by his or her duly authorized attorney; provided, however, that no such proxy shall be valid after the expiration of six (6) months from the date of its execution, unless coupled with an interest, or unless the person executing it specifies therein the length of time for which it is to continue in force, which in no case shall exceed seven (7) years from the date of its execution. If such instrument or record shall designate two (2) or more persons to act as proxies, unless such instrument shall provide the contrary, a majority of such persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting, giving consents or exercising a right of dissent in writing thereby conferred, or if only one (1) be present, then such powers may be exercised by that one (1). Unless required by the NRS or determined by the Chairman of the meeting to be advisable, the vote on any matter need not be by written ballot. No stockholder shall have cumulative voting rights.

(b) For purposes of this Section 2.6, "writing" means any information in the form of a record that is inscribed on any tangible medium, including without limitation any written instrument or any information that is stored in an electronic or other medium and is retrievable in paper form through an automated process used in conventional commercial practice. Any copy, communication by electronic transmission or other reliable reproduction of such writing may be substituted for the original writing for any purpose for which the original writing could be used, if the copy, communication by electronic transmission or other reproduction is a complete reproduction of the entire original writing.

(c) Except as otherwise provided by law, only persons in whose names shares entitled to vote stand on the stock records of the Corporation on the record date for determining the stockholders entitled to vote at said meeting shall be entitled to vote at such meeting. Shares standing in the names of two or more persons shall be voted or represented in accordance with the determination of the majority of such persons, or, if only one of such persons is present in person or represented by proxy, such person shall have the right to vote such shares and such shares shall be deemed to be represented for the purpose of determining a quorum.

Section 2.7 Voting Procedures and Inspectors of Elections.

(a) The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting.

(b) The inspectors shall (i) ascertain the number of shares outstanding and the voting power of each, (ii) determine the shares represented at a meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

(c) In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in accordance with Sections 78.350, 78.352 and 78.355 of the NRS, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification pursuant to this section shall specify the precise information considered by them including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 2.8 Stockholder Proposals at Annual Meetings.

At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder. The foregoing clause (c) shall be the exclusive means for a stockholder to propose business (other than business included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) at an annual meeting of stockholders.

In addition to any other applicable requirements for business to be properly brought before an annual meeting by a stockholder, whether or not the stockholder is seeking to have a proposal included in the Corporation's proxy statement or information statement under Rule 14a-8 under the Exchange Act, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, in the case of a stockholder seeking to have a proposal included in the Corporation's proxy statement or information statement, a stockholder's notice must be delivered to the Secretary at the Corporation's principal executive offices not less than 120 days or more than 180 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials (or, in the absence of proxy materials, its notice of meeting) for the previous year's annual meeting of stockholders. However, if the Corporation did not hold an annual meeting the previous year, or if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, then to be timely, notice by the stockholder must be delivered to the Secretary at the Corporation's principal executive offices not later than the close of business on the later of (i) the 90th day prior to such annual meeting or (ii) the 15th day following the day on which public announcement of the date of such meeting is first made. If the stockholder is not seeking inclusion of the proposal in the Corporation's proxy statement or information statement, timely notice consists of a stockholder's notice delivered to or mailed and received at the principal executive offices of the Corporation not less than 90 days prior to the date of the annual meeting. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. Other than with respect to stockholder proposals relating to director nomination(s), which requirements are set forth in Section 2.9 below, a stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of the Corporation which are beneficially owned by the stockholder, (iv) any material interest of the stockholder in such business, (v) as to the stockholder giving the notice and any Stockholder Associated Person (as defined below) or any member of such stockholder's immediate family sharing the same household, whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including, but not limited to, any short position or any borrowing or lending of shares of stock) has been made, the effect or intent of which is to mitigate loss or increase profit to or manage the risk or benefit of stock price changes for, or to increase or decrease the voting power of, such stockholder, such Stockholder Associated Person or family member with respect to any share of stock of the Corporation (each, a "Relevant Hedge Transaction"), and (vi) as to the stockholder giving the notice and any Stockholder Associated Person or any member of such stockholder's immediate family sharing the same household, to the extent not set forth pursuant to the immediately preceding clause, (A) whether and the extent to which such stockholder, Stockholder Associated Person or family member has direct or indirect beneficial ownership of any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (a "Derivative Instrument"), (B) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder, Stockholder Associated Person or family member that are separated or separable from the underlying shares of the Corporation, (C) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder, Stockholder Associated Person or family member is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (D) any performance-related fees (other than an asset-based fee) that such stockholder, Stockholder Associated Person or family member is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice (which information shall be supplemented by such stockholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date).

For purposes of this Section 2.8 and Section 2.9, "Stockholder Associated Person" of any stockholder shall mean (i) any person controlling or controlled by, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder and (iii) any person controlling, controlled by or under common control with such Stockholder Associated Person.

Notwithstanding anything in the Bylaws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 2.8, provided, however, that nothing in this Section 2.8 shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting in accordance with said procedure.

The chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 2.8, and if he should so determine he shall so declare to the meeting, and any such business not properly brought before the meeting shall not be transacted.

Nothing in this Section 2.8 shall affect the right of a stockholder to request inclusion of a proposal in the Corporation's proxy statement or information statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2.9 Nominations of Persons for Election to the Board of Directors.

In addition to any other applicable requirements, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders (i) pursuant to the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) by or at the direction of the Board of Directors, or by any nominating committee or person appointed by the Board of Directors or (iii) by any stockholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 2.9. The foregoing clause (iii) shall be the exclusive means for a stockholder to make nominations at a meeting of stockholders. A stockholder who complies with the notice procedures set forth in this Section 2.9 is permitted to present the nomination at the meeting of stockholders but is not entitled to have a nominee included in the Corporation's proxy statement in the absence of an applicable rule of the SEC requiring the Corporation to include a director nomination made by a stockholder in the Corporation's proxy statement or information statement.

Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, such notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 90 days prior to the date of the annual meeting. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. The stockholder's notice relating to director nomination(s) shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of the Corporation which are beneficially owned by the person, and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Regulation 14A under the Exchange Act; (b) as to the stockholder giving the notice, (i) the name and record address of the stockholder, and (ii) the class and number of shares of the Corporation which are beneficially owned by the stockholder; (c) as to the stockholder giving the notice and any Stockholder Associated Person (as defined in Section 2.8), to the extent not set forth pursuant to the immediately preceding clause, whether and the extent to which any Relevant Hedge Transaction (as defined in Section 2.8) has been entered into, and (d) as to the stockholder giving the notice and any Stockholder Associated Person, (i) whether and the extent to which any Derivative Instrument (as defined in Section 2 8) is directly or indirectly beneficially owned, (ii) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the Corporation, (iii) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (iv) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such stockholder's immediate family sharing the same household (which information shall be supplemented by such stockholder and beneficial owner, if any, not later than ten (10) days after the record date for the meeting to disclose such ownership as of the record date). The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein. These provisions shall not apply to nomination of any persons entitled to be separately elected by holders of preferred stock.

The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

Section 2.10 Action Without Meeting.

The stockholders of the Corporation may not act by written consent.

Section 2.11 Fixing of Record Date.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the date on which the meeting is held. A determination of stockholders of record entitled notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting; provided, further, that if the adjournment is for more than 60 days, the Board of Directors shall set a new record date and notice of the adjourned meeting shall be delivered to each stockholder of record entitled to vote at the adjourned meeting.

ARTICLE 3

DIRECTORS

Section 3.1 Number and Term of Office.

(a) The number of directors of the Corporation shall not be less than one (1) nor more than twelve (12) until changed by amendment of the Articles of Incorporation or by a Bylaw amending this Section 3.1 duly adopted by the vote of holders of a majority of the stock entitled to vote at such meeting or by the Board of Directors. The exact number of directors shall be fixed from time to time, within the limits specified in the Articles of Incorporation or in this Section 3.1, exclusively by the Board of Directors. Elected directors shall hold office until the next annual meeting and until their successors shall be duly elected and qualified. Directors need not be residents of Nevada or stockholders of the Corporation. In no case will a decrease in the number of directors shorten the term of any incumbent director.

(b) Except as provided in Section 3.3 of this Article 3, the directors shall be elected by a plurality vote of the votes cast and entitled to vote on the election of directors at any meeting for the election of directors at which a quorum is present.

Section 3.2 Powers.

The business and affairs of the Corporation shall be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things, subject only to such limitations as may be provided by Chapter 78 of the NRS, the Articles of Incorporation and these Bylaws.

Section 3.3 Vacancies.

If any vacancy occurs in the Board of Directors caused by death, resignation, retirement, disqualification or removal from office of any director, or otherwise, or if any new directorship is created by an increase in the authorized number of directors, a majority of the directors then in office, though less than a quorum, or a sole remaining director, may choose a successor or fill the newly created directorship. Any director so chosen shall hold office for the unexpired term of his or her predecessor in his or her office and until his or her successor shall be elected and qualified, unless sooner displaced. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 3.4 Resignations and Removals.

(a) Any director may resign at any time by delivering his resignation to the Secretary in writing or by electronic transmission, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made it shall be deemed effective at the pleasure of the Board of Directors. When one or more directors shall resign from the Board of Directors effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office for the unexpired portion of the term of the director whose place shall be vacated and until his successor shall have been duly elected and qualified.

(b) Notwithstanding any other provisions of these Bylaws or the fact that some lesser percentage may be specified by law, any director or the entire Board of Directors may be removed at any time, but only for cause or only by the affirmative vote of the holders of sixty-six and two-thirds percent (66-2/3%) or more of the outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the stockholders called for that purpose.

Section 3.5 Meetings.

(a) The annual meeting of the Board of Directors shall be held immediately after the annual stockholders' meeting and at the place where such meeting is held or at the place announced by the Chairman at such meeting. No notice of an annual meeting of the Board of Directors shall be necessary, and such meeting shall be held for the purpose of electing officers and transacting such other business as may lawfully come before it.

(b) Except as hereinafter otherwise provided, regular meetings of the Board of Directors shall be held at the principal executive office of the Corporation. Regular meetings of the Board of Directors may also be held at any place, within or without the State of Nevada, which has been designated by resolutions of the Board of Directors or the written consent of all directors.

(c) Special meetings of the Board of Directors may be held at any time and place within or without the State of Nevada whenever called by the Chairman of the Board or, if there is no Chairman of the Board, by the President, or by any of the directors.

(d) Written notice of the time and place of all regular and special meetings of the Board of Directors shall be delivered personally to each director or sent by any form of electronic transmission at least 48 hours before the start of the meeting, or sent by first class mail at least 120 hours before the start of the meeting. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute waiver of notice of such meeting, except where a director attends a meeting solely for the purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, except that notice shall be given with respect to any matter when notice is required by the NRS.

Section 3.6 Quorum and Voting.

(a) A quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time in accordance with Section 3.1 of Article 3 of these Bylaws, but not less than one; provided, however, at any meeting, whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by a vote of a majority of the directors present, unless a different vote be required by law, the Articles of Incorporation, or these Bylaws.

(c) Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of electronic communications, videoconferencing, teleconferencing or other available technology which allows the members to communicate simultaneously or sequentially.

(d) The transactions of any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the directors not present shall sign a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 3.7 Action Without Meeting.

Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent is signed by all (or such lesser proportion as may be permitted by the NRS) of the members of the Board of Directors or of such committee, as the case may be.

Section 3.8 Fees and Compensation.

Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement for expenses, as may be fixed or determined by resolution of the Board of Directors; provided, however, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving additional compensation therefor.

Section 3.9 Committees.

(a) **Designation:** The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, from time to time appoint such committees of the Board of Directors as may be permitted by law. Such committees appointed by the Board of Directors shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committee.

(b) **Term:** The terms of members of all committees of the Board of Directors shall expire on the date of the next annual meeting of the Board of Directors following their appointment; provided that they shall continue in office until their successors are appointed. Subject to the provisions of subsections (a) or (b) of this Section 3.9, the Board of Directors may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his death or voluntary resignation, but the Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(c) **Meetings:** Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 3.9 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter; special meetings of any such committee may be held at the principal executive office of the Corporation or at any place which has been designated from time to time by resolution of such committee or by written consent of all members thereof, and may be called by any director who is a member of such committee upon written notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of written notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time after the meeting and will be waived by any director by attendance thereat. A majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

ARTICLE 4

OFFICERS

Section 4.1 Officers Designated.

The officers of the Corporation shall be a President, a Secretary and a Treasurer. The Board of Directors or the President may also appoint a Chairman of the Board, one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers, and such other officers and agents with such powers and duties as it or he shall deem necessary. The order of the seniority of the Vice Presidents shall be in the order of their nomination unless otherwise determined by the Board of Directors. The Board of Directors may assign such additional titles to one or more of the officers as they shall deem appropriate. Any one person may hold any number of offices of the Corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the Corporation shall be fixed by or in the manner designated by the Board of Directors.

Section 4.2 Tenure and Duties of Officers.

(a) **General:** All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors. Nothing in these Bylaws shall be construed as creating any kind of contractual right to employment with the Corporation.

(b) **Duties of the Chairman of the Board of Directors:** The Chairman of the Board of Directors (if there be such an officer appointed) when present shall preside at all meetings of the stockholders and the Board of Directors. The Chairman of the Board of Directors shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(c) **Duties of President:** The President shall be the chief executive officer of the Corporation shall preside at all meetings of the stockholders and at all meetings of the Board of Directors, unless the Chairman of the Board of Directors has been appointed and is present. The President shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(d) **Duties of Vice Presidents:** The Vice Presidents, in the order of their seniority, may assume and perform the duties of the President in the absence or disability of the President or whenever the office of the President is vacant. The Vice President shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(e) **Duties of Secretary:** The Secretary shall attend all meetings of the stockholders and of the Board of Directors and any committee thereof, and shall record all acts and proceedings thereof in the minute book of the Corporation, which may be maintained in either paper or electronic form. The Secretary shall give notice, in conformity with these Bylaws, of all meetings of the stockholders and of all meetings of the Board of Directors and any Committee thereof requiring notice. The Secretary shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The President may direct any Assistant Secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(f) **Duties of Treasurer:** The Treasurer shall keep or cause to be kept the books of account of the Corporation in a thorough and proper manner, and shall render statements of the financial affairs of the Corporation in such form and as often as required by the Board of Directors or the President. The Treasurer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the Corporation. The Treasurer shall perform all other duties commonly incident to his office and shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. The President may direct any Assistant Treasurer to assume and perform the duties of the Treasurer in the absence or disability of the Treasurer, and each Assistant Treasurer shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

ARTICLE 5

EXECUTION OF CORPORATE INSTRUMENTS, AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 5.1 Execution of Corporate Instruments.

(a) The Board of Directors may in its discretion determine the method and designate the signatory officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except where otherwise provided by law, and such execution or signature shall be binding upon the Corporation.

(b) Unless otherwise specifically determined by the Board of Directors or otherwise required by law, formal contracts of the Corporation, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the Corporation, and other corporate instruments or documents requiring the corporate seal, and certificates of shares of stock owned by the Corporation, shall be executed, signed or endorsed by the Chairman of the Board (if there be such an officer appointed) or by the President; such documents may also be executed by any Vice President and by the Secretary or Treasurer or any Assistant Secretary or Assistant Treasurer. All other instruments and documents requiring the corporate signature but not requiring the corporate seal may be executed as aforesaid or in such other manner as may be directed by the Board of Directors.

(c) All checks and drafts drawn on banks or other depositaries on funds to the credit of the Corporation or in special accounts of the Corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

(d) Execution of any corporate instrument may be effected in such form, either manual, facsimile or electronic signature, as may be authorized by the Board of Directors.

Section 5.2 Voting of Securities Owned by Corporation.

All stock and other securities of other Corporations owned or held by the Corporation for itself or for other parties in any capacity shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors or, in the absence of such authorization, by the Chairman of the Board (if there be such an officer appointed), or by the President, or by any Vice President.

ARTICLE 6

SHARES OF STOCK

Section 6.1 Form and Execution of Certificates.

The shares of the Corporation shall be represented by certificates, provided that the Board of Directors may approve the issuance of uncertificated shares of some or all of the shares of any or all of its classes or series of capital stock. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Certificates for the shares of stock of the Corporation shall be in such form as is consistent with the Articles of Incorporation and applicable law. Every holder of stock in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation by, the Chairman of the Board (if there be such an officer appointed), or by the President or any Vice President and by the Treasurer or Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares owned by him in the Corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided by the NRS, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 6.2 Lost Certificates.

The Board of Directors may direct a new certificate or certificates (or uncertificated shares in lieu of a new certificate) to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates (or uncertificated shares in lieu of a new certificate), the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to indemnify the Corporation in such manner as it shall require and/or to give the Corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

Section 6.3 Transfers.

Transfers of record of shares of stock of the Corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, who shall furnish proper evidence of authority to transfer, and in the case of stock represented by a certificate, upon the surrender of a certificate or certificates for a like number of shares, properly endorsed.

Section 6.4 Registered Stockholders.

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Nevada.

ARTICLE 7

OTHER SECURITIES OF THE CORPORATION

All bonds, debentures and other corporate securities of the Corporation, other than stock certificates, may be signed by the Chairman of the Board (if there be such an officer appointed), or the President or any Vice President or such other person as may be authorized by the Board of Directors and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer; provided, however, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signature of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons.

Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the Corporation, or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon has ceased to be an officer of the Corporation before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the Corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the Corporation.

ARTICLE 8

INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

Section 8.1 Right to Indemnification.

Each person who was or is a party or is threatened to be made a party to or is involved (as a party, witness, or otherwise), in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (hereinafter a "Proceeding"), by reason of the fact that he, or a person of whom he is the legal representative, is or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another Corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to employee benefit plans, whether the basis of the Proceeding is alleged action in an official capacity as a director, officer, employee, or agent or in any other capacity while serving as a director, officer, employee, or agent (hereafter an "Agent"), shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the NRS, as the same exists or may hereafter be amended or interpreted (but, in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the Corporation to provide broader indemnification rights than were permitted prior thereto) against all expenses, liability, and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties, and amounts paid or to be paid in settlement, and any interest, assessments, or other charges imposed thereon, and any federal, state, local, or foreign taxes imposed on any Agent as a result of the actual or deemed receipt of any payments under this Article) reasonably incurred or suffered by such person in connection with investigating, defending, being a witness in, or participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding (hereinafter "Expenses"); provided, however, that except as to actions to enforce indemnification rights pursuant to Section 8.3 of this Article, the Corporation shall indemnify any Agent seeking indemnification in connection with a Proceeding (or part thereof) initiated by such person only if the Proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

Section 8.2 Authority to Advance Expenses.

Expenses incurred by an officer or director (acting in his capacity as such) in defending a Proceeding shall be paid by the Corporation in advance of the final disposition of such Proceeding, provided, however, such Expenses shall be advanced only upon delivery to the Corporation of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article or otherwise. Expenses incurred by other Agents of the Corporation (or by the directors or officers not acting in their capacity as such, including service with respect to employee benefit plans) may be advanced upon such terms and conditions as the Board of Directors deems appropriate. Any obligation to reimburse the Corporation for Expense advances shall be unsecured and no interest shall be charged thereon.

Section 8.3 Right of Claimant to Bring Suit.

If a claim under Section 8.1 or 8.2 of this Article is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense (including attorneys' fees) of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending a Proceeding in advance of its final disposition where the required undertaking has been tendered to the Corporation) that the claimant has not met the standards of conduct that make it permissible under the NRS for the Corporation to indemnify the claimant for the amount claimed. The burden of proving such a defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper under the circumstances because he has met the applicable standard of conduct set forth in the NRS, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

Section 8.4 Provisions Nonexclusive.

The rights conferred on any person by this Article shall not be exclusive of any other rights that such person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office. To the extent that any provision of the Articles of Incorporation, agreement, or vote of the stockholders or disinterested directors is inconsistent with these Bylaws, the provision, agreement, or vote shall take precedence.

Section 8.5 Authority to Insure.

The Corporation may purchase and maintain insurance to protect itself and any Agent against any Expense, whether or not the Corporation would have the power to indemnify the Agent against such Expense under applicable law or the provisions of this Article.

Section 8.6 Enforcement of Rights

Without the necessity of entering into an express contract, all rights provided under this Article shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the Corporation and such Agent. Any rights granted by this Article to an Agent shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction.

Section 8.7 Survival of Rights.

The rights provided by this Article shall continue as to a person who has ceased to be an Agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Section 8.8 Settlement of Claims.

The Corporation shall not be liable to indemnify any Agent under this Article (a) for any amounts paid in settlement of any action or claim effected without the Corporation's written consent, which consent shall not be unreasonably withheld; or (b) for any judicial award if the Corporation was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action.

Section 8.9 Effect of Amendment.

Any amendment, repeal, or modification of this Article that adversely affects any rights provided in this Article to an Agent shall only be effective upon the prior written consent of such Agent.

Section 8.10 Subrogation.

In the event of payment under this Article, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the Agent, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Corporation effectively to bring suit to enforce such rights.

Section 8.11 No Duplication of Payments.

The Corporation shall not be liable under this Article to make any payment in connection with any claim made against the Agent to the extent the Agent has otherwise actually received payment (under any insurance policy, agreement, vote, or otherwise) of the amounts otherwise indemnifiable hereunder.

Section 8.12 Saving Clause.

If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Agent to the fullest extent not prohibited by any applicable portion of this Article that shall not have been invalidated, or by any other applicable law.

ARTICLE 9

NOTICES

Whenever, under any provisions of these Bylaws, notice is required to be given to any stockholder, the same shall be given either (1) in writing, timely and duly deposited in the United States Mail, postage prepaid, and addressed to his last known post office address as shown by the stock record of the Corporation or its transfer agent, or (2) by a means of electronic transmission that satisfies the requirements of Section 2.4(d) of these Bylaws, and has been consented to by the stockholder to whom the notice is given. Any notice required to be given to any director may be given by either of the methods hereinabove stated, except that such notice other than one which is delivered personally, shall be sent to such address or (in the case of electronic communication) such e-mail address, facsimile telephone number or other form of electronic address as such director shall have filed in writing or by electronic communication with the Secretary of the Corporation, or, in the absence of such filing, to the last known post office address of such director. If no address of a stockholder or director be known, such notice may be sent to the principal executive office of the Corporation. An affidavit of mailing, executed by a duly authorized and competent employee of the Corporation or its transfer agent appointed with respect to the class of stock affected, specifying the name and address or the names and addresses of the stockholder or stockholders, director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall be conclusive evidence of the statements therein contained. All notices given by mail, as above provided, shall be deemed to have been given as at the time of mailing and all notices given by means of electronic transmission shall be deemed to have been given as at the sending time recorded by the electronic transmission equipment operator transmitting the same. It shall not be necessary that the same method of giving notice be employed in respect of all directors, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others. The period or limitation of time within which any stockholder may exercise any option or right, or enjoy any privilege or benefit, or be required to act, or within which any director may exercise any power or right, or enjoy any privilege, pursuant to any notice sent him in the manner above provided, shall not be affected or extended in any manner by the failure of such a stockholder or such director to receive such notice.

Whenever any notice is required to be given under the provisions of the statutes or of the Articles of Incorporation, or of these Bylaws, a waiver thereof in writing signed by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Whenever notice is required to be given, under any provision of law or of the Articles of Incorporation or Bylaws of the Corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Corporation is such as to require the filing of a certificate under any provision of the NRS, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

ARTICLE 10

AMENDMENTS

Except as otherwise provided in Section 8.9 above, these Bylaws may be repealed, altered or amended or new Bylaws adopted at any meeting of the stockholders, either annual or special, by the affirmative vote of a majority of the stock entitled to vote at such meeting, unless a larger vote is required by these Bylaws or the Articles of Incorporation. Except as otherwise provided in Section 8.9 above, the Board of Directors shall also have the authority to repeal, alter or amend these Bylaws or adopt new Bylaws (including, without limitation, the amendment of any Bylaws setting forth the number of directors who shall constitute the whole Board of Directors) by unanimous written consent or at any annual, regular, or special meeting by the affirmative vote of a majority of the whole number of directors, subject to the power of the stockholders to change or repeal such Bylaws.

ARTICLE 11

MISCELLANEOUS

Section 11.1 Corporate Seal.

The corporate seal shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Nevada". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 11.2 Books.

The books of the Corporation may be kept within or without the State of Nevada (subject to any provisions contained in the NRS) at such place or places as may be designated from time to time by the Board of Directors.

Section 11.3 Fiscal Year.

The fiscal year of the Corporation shall begin the first day of October of each year or upon such other day as may be designated by the Board of Directors.

Section 11.4 Certain Acquisitions by Fiduciaries.

The provisions of NRS 78.378 to 78.3793, inclusive (entitled "Acquisition of a Controlling Interest"), shall not apply to the Corporation or to any "Acquisition" of a "Controlling Interest" (as each term is defined therein) in the Corporation by any existing or future stockholder or stockholders.

CERTIFICATE OF SECRETARY

The undersigned, Secretary of Arch Therapeutics, Inc., a Nevada corporation, hereby certifies that the foregoing is a full, true and correct copy of the Bylaws of said corporation, with all amendments to date of this Certificate.

WITNESS the signature of the undersigned this 16th day of August, 2022.

Terrence W. Norchi, Secretary

BYLAWS OF

ARCH THERAPEUTICS, INC.

a Nevada Corporation

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

AMENDMENT NO. 1 TO THE
AMENDED AND RESTATED BYLAWS OF
ARCH THERAPEUTICS, INC.

This Amendment No. 1 to the Bylaws of Arch Therapeutics, Inc., a Nevada corporation (the "Company"), as amended to date (the "Bylaws") is made as of this 18th day of July, 2023.

1. The Bylaws are hereby amended by replacing existing Section 2.10 of Article 2 of the Bylaws, in its entirety with the following:

"Any action required by law to be taken at a meeting of shareholders, or any action that may be taken at a meeting of shareholders, may be taken without a meeting or notice if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted with respect to the subject matter thereof, and such consent shall have the same force and effect as a vote of shareholders taken at such a meeting. In order to be effective the action must be evidenced by one or more written consents describing the action taken, dated and signed by approving shareholders having the requisite number of votes of each voting group entitled to vote thereon, and delivered to the Corporation by delivery to its principal office in this state, its principal place of business, the corporate secretary, or another officer or agent of the Corporation having custody of the book in which proceedings of meetings of shareholders are recorded. No written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the date of the earliest dated consent delivered in the manner required by this section, written consents signed by the number of holders required to take action are delivered to the Corporation by delivery as set forth in this section. Any written consent may be revoked prior to the date that the Corporation receives the required number of consents to authorize the proposed action. No revocation is effective unless in writing and until received by the Corporation at its principal office or received by the corporate secretary or other officer or agent of the Corporation having custody of the book in which proceedings of meetings of shareholders are recorded. Within 10 days after obtaining such authorization by written consent, notice must be given to those shareholders who have not consented in writing or who are not entitled to vote on the action. The notice shall fairly summarize the material features of the authorized action, and if the action be such for which dissenters' rights are provided under Nevada law, the notice shall contain a clear statement of the right of shareholders dissenting therefrom to be paid the fair value of their shares upon compliance with Nevada law regarding the rights of dissenting shareholders."

2. The Bylaws are hereby amended by replacing existing Section 2.5(a) of Article 2 of the Bylaws, in its entirety with the following:

"The holders of thirty-three and one-third percent (33.3333%) of the shares of capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy (regardless of whether the proxy has authority to vote on each matter at such meeting), shall constitute a quorum at any meeting of stockholders for the transaction of business, except as otherwise provided by the NRS or by the Articles of Incorporation. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, by vote of the holders of thirty-three and one-third percent (33.3333%) of the shares represented thereat, or by the chairman of the meeting, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. At such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the original meeting."

3. Except as specifically amended herein, the Bylaws of the Company shall remain unchanged and in full force and effect.

Adopted by the Board of Directors on July 18, 2023.

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

PRE-FUNDED COMMON STOCK PURCHASE WARRANT

ARCH THERAPEUTICS, INC.

Warrant Shares: _____ Issuance Date: July 7, 2023

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, _____ or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the Initial Exercise Date and until this Warrant is exercised in full (such applicable date, the "Termination Date") but not thereafter, to subscribe for and purchase from Arch Therapeutics, Inc., a Nevada corporation (the "Company"), up to _____[1] shares (as subject to adjustment hereunder, the "Warrant Shares") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth below and in that certain Securities Purchase Agreement (the "Purchase Agreement"), dated as of July 7, 2023, by and among the Company and the buyers signatory thereto.

"Initial Exercise Date" means the earlier of (i) the Deadline Date and (ii) the date that a registration statement registering the Warrant Shares is declared effective (whether or not such registration also includes the Uplist), in each case subject to Section 5(d).

"Deadline Date" means the earlier of (i) the six-month anniversary of the Issuance Date and (ii) 120 days after the closing date of the Uplist.

"Uplist" means the public offering of Common Stock pursuant to a registration statement on Form S-1 that results in the listing of the Common Stock on any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange, or NYSE American.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed facsimile copy or PDF copy submitted by e-mail (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the "Notice of Exercise"). Within the earlier of (i) two (2) days on which the primary trading market of the Company's Common Stock at such time (the "Trading Market") is open for trading ("Trading Days") and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 2(d)(i)) following the date of exercise as aforesaid, the Holder shall deliver to the Company the aggregate Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) is specified in the applicable Notice of Exercise. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) business day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

[1] To be the purchased number as per the SPA.

b) Exercise Price. The aggregate exercise price of this Warrant, except for a nominal exercise price of $0.001 per Warrant Share, was pre-funded to the Company on or prior to the Issuance Date and, consequently, no additional consideration (other than the nominal exercise price of $0.001 per Warrant Share) shall be required to be paid by the Holder to any Person to effect any exercise of this Warrant. The Holder shall not be entitled to the return or refund of all, or any portion, of such pre-paid aggregate exercise price under any circumstance or for any reason whatsoever, including in the event this Warrant shall not have been exercised prior to the Termination Date. The remaining unpaid exercise price per share of Common Stock under this Warrant, subject to adjustment as provide herein, shall be $0.001.

c) Cashless Exercise. This Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise;
(B) = the Exercise Price of this Warrant, as adjusted hereunder; and
(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the characteristics of the Warrants being exercised, and the holding period of the Warrant Shares being issued may be tacked on to the holding period of this Warrant. The Company agrees not to take any position contrary to this Section 2(c).

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Buyers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

If at any time following the Initial Exercise Date there is no effective registration statement registering, or no currently prospectus available for, the resale of the Warrant Shares by the Holder, then, for each full thirty (30) day period following the Initial Exercise Date, the amount of Warrant Shares of Holder shall be automatically increased by two percent (2%) over the Warrant Shares which are held by the Holder as on such dates, not to exceed in the aggregate an additional twenty-four percent (24%).

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Company's transfer agent (the "Transfer Agent") to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) the Warrant Shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144 (assuming cashless exercise of the Warrants), and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earliest of (i) three (3) Trading Days after the delivery to the Company of the Notice of Exercise, (ii) two (2) Trading Day after delivery of the aggregate Exercise Price to the Company and (iii) the number of Trading Days comprising the Standard Settlement Period after the delivery to the Company of the Notice of Exercise and aggregate Exercise Price (if not a cashless exercise) (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate (but not Rule 144) purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received within the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period following delivery of the Notice of Exercise. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, " Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), $10 per Trading Day (increasing to $20 per Trading Day on the third (3rd) Trading Day the Warrant Share Delivery Date) for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the product of (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares. The Company shall pay all attorney fees required for the issuance of attorney legal opinions for removal of restrictive legends on Warrant Shares.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% (or, upon election by a Holder prior to the issuance of any Warrants, 9.99%) of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Reserved.

c) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, that, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

e) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

g) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by facsimile or email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by facsimile or email to the Holder at its last facsimile number or email address as it shall appear upon the Warrant Register of the Company, at least 15 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Issuance Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of Section 2(f) of the Purchase Agreement.

e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise; No Settlement in Cash. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof. Without limiting any rights of a Holder to receive Warrant Shares on a "cashless exercise" pursuant to Section 2(c) or to receive liquidated damages pursuant to this Warrant and cash payments pursuant to Section 2(d)(iv) herein, in no event shall the Company be required to net cash settle an exercise of this Warrant.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a business day, then, such action may be taken or such right may be exercised on the next succeeding business day.

d) Authorized Shares. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock 100% of the number of shares needed to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant (such that the aggregate amount so reserved for all Warrants combined is 100% times the amount needed for all such Warrants). The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

Notwithstanding anything herein to the contrary, without taking into account the reservation obligation set forth above in this Section 5(d), in the event that on or after the Issuance Date there is not sufficient unreserved, authorized and unissued Common Stock available for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant, the Company's obligations in this Section 5(d) to have reserved and available from its authorized and unissued Common Stock sufficient shares to provide for such issuance of Warrant Shares upon such exercise shall be suspended to the extent that there is not sufficient unreserved, authorized and unissued Common Stock until the Company sufficiently increases its amount of authorized Common Stock; *provided*, that such suspension shall be for an amount of Warrant Shares that is proportionate among all of the Pre-Funded Warrants issued on the Issuance Date pursuant to the Purchase Agreement, taken together as a whole and without taking into account any reserves for any Common Warrants or Exchange Warrants. In such event described in this paragraph, the Holder shall not exercise this Warrant to such extent and until such increase in authorized Common Stock. Notwithstanding the foregoing sentence or anything in the Purchase Agreement, if the Company fails to meet the reservation obligation set forth above in this Section 5(d) at any time on or after the Deadline Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares that are able to be issued upon the exercise of this Warrant, taking into account the operation of the Beneficial Ownership Limitation in Section 2(e) at such time, but are not at such time reserved (based on the VWAP of the Common Stock on the first Trading Day that such failure occurs), $5 per Trading Day for each Trading Day that such shares are not reserved.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered and the Holder does not utilize cashless exercise after six months from the date hereof, may have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant or the Purchase Agreement, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment; Waivers. Any modifications, amendments or waivers of the provisions hereof shall be subject to Section 7(e) of the Purchase Agreement.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

o) Equal Treatment of Holders. No consideration (including any modification of this Warrant) shall be offered or paid to any Person (as such term is defined in the Purchase Agreement) to amend or consent to a waiver or modification of any provision hereof unless the same consideration is also offered to all of the Holders. For clarification purposes, this provision constitutes a separate right granted to each Holder by the Company and negotiated separately by each Holder and is intended for the Company to treat the Holders as a class and shall not in any way be construed as the Holders acting in concert or as a group with respect to the Warrants or the shares of Common Stock issuable upon exercise of the Warrants.

p) Terms of Future Securities. So long as this Warrant is outstanding, except for the offering conducted in connection with the Uplist, upon any issuance by the Company or any of its subsidiaries of any security with any term more favorable to the holder of such security or with a term in favor of the holder of such security that was not similarly provided to the Holder in this Warrant, then the Company shall notify the Holder of such additional or more favorable term and at Holder's option, the Company shall use its best efforts to cause such additional or more favorable term to become a part of this Warrant with the Holder (irrespective of whether Company provided the notification or not). The types of terms contained in another security that may be more favorable to the holder of such security include, but are not limited to, terms addressing anti-dilution protections, stock sale price, private placement price per share, and warrant coverage.

****

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

ARCH THERAPEUTICS, INC.

By:_____
Name:
Title: Chief Executive Officer

NOTICE OF EXERCISE

TO: [_____

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

[ ] in lawful money of the United States; or

[ ] if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following DWAC Account Number:

_____

_____

_____

(4) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

EXHIBIT B

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Phone Number: _____

Email Address: _____

Dated: _____ __, _____

Holder's Signature:

Holder's Address:

Exhibit 4.2

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

COMMON STOCK PURCHASE WARRANT

ARCH THERAPEUTICS, INC.

Warrant Shares: _____ Issuance Date: July 7, 2023

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, _____ or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the Initial Exercise Date and on or prior to 5:00 p.m. (New York City time) on July 7, 2028 (such applicable date, the "Termination Date") but not thereafter, to subscribe for and purchase from Arch Therapeutics, Inc., a Nevada corporation (the "Company"), up to _____[1] shares (as subject to adjustment hereunder, the "Warrant Shares") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth below and in that certain Securities Purchase Agreement (the "Purchase Agreement"), dated as of July 7, 2023, by and among the Company and the buyers signatory thereto.

"Initial Exercise Date" means the earlier of (i) the six-month anniversary of the Issuance Date and (ii) the date that a registration statement registering the Warrant Shares is declared effective.

"Uplist" means the public offering of Common Stock pursuant to a registration statement on Form S-1 that results in the listing of the Common Stock on any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange, or NYSE American.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed facsimile copy or PDF copy submitted by e-mail (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the "Notice of Exercise"). Within the earlier of (i) two (2) days on which the primary trading market of the Company's Common Stock at such time (the "Trading Market") is open for trading ("Trading Days") and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 2(d)(i)) following the date of exercise as aforesaid, the Holder shall deliver to the Company the aggregate Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) is specified in the applicable Notice of Exercise. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) business day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

[1] To be two hundred percent (200%) warrant coverage on the total amount of Shares and Pre-Funded Warrants purchased.

b) Exercise Price. The exercise price per share of Common Stock under this Warrant, subject to adjustment as provide herein, shall be $1.00.

c) Cashless Exercise. If at any time following the Initial Exercise Date there is no effective registration statement registering, or no currently prospectus available for, the resale of the Warrant Shares by the Holder (a "Registration Default"), then this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise;
(B) = the Exercise Price of this Warrant, as adjusted hereunder; and
(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the characteristics of the Warrants being exercised, and the holding period of the Warrant Shares being issued may be tacked on to the holding period of this Warrant. The Company agrees not to take any position contrary to this Section 2(c).

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Buyers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

Notwithstanding anything herein to the contrary, on the Termination Date, this Warrant shall be automatically exercised via cashless exercise pursuant to this Section 2(c).

If there is a Registration Default, then, for each full thirty (30) day period following the Initial Exercise Date, the amount of Warrant Shares of Holder shall be automatically increased by two percent (2%) over the Warrant Shares which are held by the Holder as on such dates, not to exceed in the aggregate an additional twenty-four percent (24%).

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Company's transfer agent (the "Transfer Agent") to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) the Warrant Shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144 (assuming cashless exercise of the Warrants), and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earliest of (i) three (3) Trading Days after the delivery to the Company of the Notice of Exercise, (ii) two (2) Trading Day after delivery of the aggregate Exercise Price to the Company and (iii) the number of Trading Days comprising the Standard Settlement Period after the delivery to the Company of the Notice of Exercise and aggregate Exercise Price (if not a cashless exercise) (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate (but not Rule 144) purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received within the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period following delivery of the Notice of Exercise. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, " Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), $10 per Trading Day (increasing to $20 per Trading Day on the third (3rd) Trading Day the Warrant Share Delivery Date) for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the product of (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares. The Company shall pay all attorney fees required for the issuance of attorney legal opinions for removal of restrictive legends on Warrant Shares.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% (or, upon election by a Holder prior to the issuance of any Warrants, 9.99%) of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Reserved.

c) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, that, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

e) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

g) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by facsimile or email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by facsimile or email to the Holder at its last facsimile number or email address as it shall appear upon the Warrant Register of the Company, at least 15 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

h) Voluntary Adjustment By Company . Subject to the rules and regulations of the Company's primary Trading Market, the Company may at any time during the term of this Warrant, subject to the prior written consent of the Holder, reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Company's Board of Directors.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Issuance Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of Section 2(f) of the Purchase Agreement.

e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise; No Settlement in Cash. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof. Without limiting any rights of a Holder to receive Warrant Shares on a "cashless exercise" pursuant to Section 2(c) or to receive liquidated damages pursuant to this Warrant and cash payments pursuant to Section 2(d)(iv) herein, in no event shall the Company be required to net cash settle an exercise of this Warrant.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a business day, then, such action may be taken or such right may be exercised on the next succeeding business day.

d) Authorized Shares. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock 100% of the number of shares needed to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant (such that the aggregate amount so reserved for all Warrants combined is 100% times the amount needed for all such Warrants). The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

Notwithstanding anything herein to the contrary, without taking into account the reservation obligation set forth above in this Section 5(d), in the event that on or after the Issuance Date there is not sufficient unreserved, authorized and unissued Common Stock available for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant, the Company's obligations in this Section 5(d) to have reserved and available from its authorized and unissued Common Stock sufficient shares to provide for such issuance of Warrant Shares upon such exercise shall be suspended to the extent that there is not sufficient unreserved, authorized and unissued Common Stock until the Company sufficiently increases its amount of authorized Common Stock; *provided*, that such suspension shall be for an amount of Warrant Shares that is proportionate among all of the Common Warrants issued on the Issuance Date pursuant to the Purchase Agreement, taken together as a whole and after subtracting from available authorized Common Stock the maximum amount of reserves possible to provide for reserves for any Pre-Funded Warrants. In such event described in this paragraph, the Holder shall not exercise this Warrant to such extent and until such increase in authorized Common Stock. Notwithstanding anything to the contrary in this Warrant or the Purchase Agreement, if the Company fails to meet the reservation obligation set forth above in this Section 5(d) at any time on or after the six-month anniversary of the Issuance Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, provided that this Warrant is then "in-the-money", for each $1,000 of Warrant Shares that are able to be issued upon the exercise of this Warrant, taking into account the operation of the Beneficial Ownership Limitation in Section 2(e) at such time, but are not at such time reserved (based on the VWAP of the Common Stock on the first Trading Day that such failure occurs), $5 per Trading Day for each Trading Day that such shares are not reserved.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered and the Holder does not utilize cashless exercise after six months from the date hereof, may have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant or the Purchase Agreement, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment; Waivers. Any modifications, amendments or waivers of the provisions hereof shall be subject to Section 7(e) of the Purchase Agreement.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

o) Equal Treatment of Holders. No consideration (including any modification of this Warrant) shall be offered or paid to any Person (as such term is defined in the Purchase Agreement) to amend or consent to a waiver or modification of any provision hereof unless the same consideration is also offered to all of the Holders. For clarification purposes, this provision constitutes a separate right granted to each Holder by the Company and negotiated separately by each Holder and is intended for the Company to treat the Holders as a class and shall not in any way be construed as the Holders acting in concert or as a group with respect to the Warrants or the shares of Common Stock issuable upon exercise of the Warrants.

p) Automatic Exchange. This Warrant shall be automatically exchanged upon the closing of an Uplist that occurs no later than June 15, 2023 for a new warrant (the "Exchange Warrant") that is identical to the warrants (other than any "pre-funded warrants"), if any, being issued to investors in such Uplist, with the number of shares underlying such Exchange Warrant being equal to the number of Warrant Shares then underlying this Warrant multiplied by three.

q) Terms of Future Securities. So long as this Warrant is outstanding, except for the offering conducted in connection with the Uplist, upon any issuance by the Company or any of its subsidiaries of any security with any term more favorable to the holder of such security or with a term in favor of the holder of such security that was not similarly provided to the Holder in this Warrant, then the Company shall notify the Holder of such additional or more favorable term and at Holder's option, the Company shall use its best efforts to cause such additional or more favorable term to become a part of this Warrant with the Holder (irrespective of whether Company provided the notification or not). The types of terms contained in another security that may be more favorable to the holder of such security include, but are not limited to, terms addressing anti-dilution protections, stock sale price, private placement price per share, and warrant coverage.

****

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

ARCH THERAPEUTICS, INC.

By:_____
Name:
Title: Chief Executive Officer

NOTICE OF EXERCISE

TO: [_____

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

[ ] in lawful money of the United States; or

[ ] if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following DWAC Account Number:

_____

_____

_____

(4) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

EXHIBIT B

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Phone Number: _____

Email Address: _____

Dated: _____ __, _____

Holder's Signature:

Holder's Address:

AMENDMENT NO. 8
TO
SENIOR SECURED CONVERTIBLE PROMISSORY NOTE

This Amendment No. 8 (this "Amendment"), dated as of July 7, 2023, to those certain Senior Secured Convertible Promissory Notes (as amended, the "First Notes"), issued by Arch Therapeutics, Inc., a Nevada corporation (the "Company"), to each Holder pursuant to that certain Securities Purchase Agreement, dated July 6, 2022, by and among the Company and the signatories thereto (the "Holders"), as amended on January 18, 2023 and as subsequently amended on May 15, 2023 (as amended, the "Securities Purchase Agreement") is made by and among the Company and the Consenting Stockholders (as defined below). Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Securities Purchase Agreement.

W I T N E S S E T H:

WHEREAS, the Company and the Consenting Stockholders desire to modify the terms of the Uplist (as defined below) repayment provision and provide for the issuance of the Pre-Funded Warrant (as defined below);

WHEREAS, pursuant to Section 4.3 of the First Notes and Section 7(e) of the Securities Purchase Agreement, the First Notes may be amended in a written instrument signed by the Company, the Lead Investor, and Holders which purchased at least 50% plus $1.00 of the Notes based on the initial Principal Amounts thereunder (the Lead Investor and such Holders, collectively the "Consenting Stockholders"); and

WHEREAS, the undersigned Holders constitute the Consenting Stockholders.

NOW, THEREFORE, in exchange for good and valuable consideration including, without limitation, the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

1. Amendments to First Notes.

1.1 Section 2.9 of the First Notes is hereby amended and restated as follows:

"Events Upon Uplist. While any portion of this Note is outstanding, in the event of the listing of the Common Stock on any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American (the "Uplist"), simultaneously upon the closing of the offering conducted in conjunction with the Uplist (such offering, the "Uplist Transaction"), the Specified Percentage of the then outstanding Principal Amount of this Note shall automatically convert (the "Automatic Conversion") into shares of Common Stock, with the Conversion Price for purposes of such Automatic Conversion being equal to the lower of (i) the per unit price at which any units (each unit being comprised of one share or share equivalent and accompanying warrants, if any) are sold in the Uplist Transaction or (ii) the price at which warrants issued in the Uplist Transaction are exercisable (but in no event increased above the Conversion Price in effect immediately prior to the pricing of the Uplist Transaction). As used herein, the "Specified Percentage" means the greater of: (x) the percentage specified by the Borrower by notice to the Holder at least five business days prior to the closing of the Uplist Transaction (which requested percentage shall be the same for all "Notes" (as defined in that certain Omnibus Amendment to Notes and Warrants dated July 7, 2023) (the "Convertible Notes")), which percentage shall be the percentage necessary to ensure the applicable Nasdaq requirements regarding the Uplist are satisfied, and (y) the percentage specified by the Holder by notice to the Borrower at least three business days prior to the closing of the Uplist Transaction (which percentage may be different for each Convertible Note as determined by each holder thereof); provided, that in no event shall the Specified Percentage for this Note (A) exceed twenty five percent (25%) unless otherwise agreed in writing by the Holder, or (B) exceed fifty percent (50%) unless otherwise agreed in writing by the Borrower. In any event, and to ensure the Holder can specify its desired Specified Percentage, the Borrower shall give the Holder at least five business days prior notice identifying the date of closing of the Uplist Transaction. Notwithstanding the foregoing, if the Holder owns more than one Convertible Note, unless it elects otherwise by notice to the Borrower prior the Automatic Conversion, the aggregate amount to be converted in the Automatic Conversion for all such Convertible Notes of Holder combined will be allocated among such Convertible Notes in inverse order of when they were issued (such that the most recently issued Convertible Note is converted in full before any portion of the next-most-recently issued Convertible Note is converted, and so on until such aggregate amount to be converted has been converted).

In addition, upon the closing of the Uplist Transaction if (i) the Holder participates in the Uplist Transaction and in the offering of Common Stock and warrants to purchase Common Stock pursuant to the Purchase Agreement dated on or about the date hereof (the "Bridge Financing") for a combined (taking into account the Holder's aggregate investment in the Uplist and the Bridge Financing) amount equal to no less than fifty percent (50%) of the Holder's original Purchase Price under this Note (the "Minimum Investment Amount") and (ii) the Holder's amount of participation in the Uplist Transaction is at least 4.3 times the Holder's amount of participation in the Bridge Financing, then the Holder shall receive a pre-funded warrant (the "Pre-Funded Warrant") to purchase a number of shares of Common Stock equal to the Specified Number times the dollar amount under this Note that was converted in the Automatic Conversion. As used herein, the "Specified Number" means, if the Specified Percentage is 50%, 2.4, which number shall be increased by 1.6% for each percentage point decrease in the Specified Percentage, such increase being compounded iteratively for each percentage point decrease in the Specified Percentage, with the result rounded to two decimal places (such that, solely as an example, the Specified Number would increase to be equal to 3.57 if the Specified Percentage is equal to 25%). The Pre-Funded Warrant shall have an exercise price of $0.001 per share, may be exercised on a cashless basis, shall be exercisable by the Holder at any time commencing on the 90th day after issuance and shall contain a customary beneficial ownership limitation provision. The Holder agrees that, until the Maturity Date, it shall not offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of, or announce the intention to otherwise dispose of, the Pre-Funded Warrant. The Borrower may, but shall not be required to, at any time offer to redeem each Pre-Funded Warrant (or portion thereof) for cash at a redemption price of $0.82 per share underlying the Pre-Funded Warrant; any such offer shall be made pro rata to all holders of the Pre-Funded Warrants and shall offer to repurchase the same percentage of each. Upon receipt of any such redemption offer, the Holder shall have the right, but not the obligation, exercisable for 15 days after receipt of the offer, to accept such offer in whole or in part, by written notice to the Borrower specifying whether (and to what extent) the Holder accepts such offer. Upon the issuance of the Pre-Funded Warrant to the Holder, all interest payable under this Note shall have been deemed paid, and no other interest shall be due or payable hereunder. Failure of the Borrower to comply with this provision shall constitute an Event of Default. If after the Pre-Funded Warrant is issued to the Holder the Borrower makes a prepayment of all or any portion of the remaining outstanding amount under this Note prior to the Maturity Date, the prepayment shall not be subject to the prepayment premiums set forth in Section 1.9 herein."

2. Miscellaneous.

2.1 Except as expressly amended by this Amendment, the terms and provisions of the First Notes shall continue in full force and effect. No reference to this Amendment need be made in any instrument or document making reference to the First Notes; any reference to the First Notes in any such instrument or document shall be deemed a reference to the First Notes as amended hereby. The First Notes as amended hereby shall be binding upon the parties thereto and their respective assigns and successors. Notwithstanding the foregoing, if the registration statement filed in connection with the Uplist Transaction is not declared effective by 11:59 P.M. (EST) on July 31, 2023 (the "First Note Amendment Termination Date"), this Amendment will automatically terminate and shall be of no further force or effect without any further action by the Company or the Consenting Stockholders, except for Section 2.1 above which shall survive the termination of this Amendment, provided, that the First Note Amendment Termination Date may be extended by the written approval of the Company and the Consenting Stockholders.

2.2 This Amendment shall be governed by and construed in accordance with the laws of the State of Nevada as such laws are applied to agreements between parties in Nevada.

2.3 This Amendment may be executed in separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

ARCH THERAPEUTICS, INC.

By: _____
Name: Michael S. Abrams
Title: Chief Financial Officer

[Signature Page to Amendment No. 8 to the First Notes]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

[ ]

By: _____
Name:
Title:

[Signature Page to Amendment No. 8 to the First Notes]

AMENDMENT NO. 8
TO
UNSECURED CONVERTIBLE PROMISSORY NOTE

This Amendment No. 8 (this "Amendment"), dated as of July 7, 2023, to those certain Unsecured Convertible Promissory Notes (as amended, the "Second Notes"), issued by Arch Therapeutics, Inc., a Nevada corporation (the "Company"), to each Holder pursuant to that certain Securities Purchase Agreement, dated July 6, 2022, by and among the Company and the signatories thereto (the "Holders"), as amended on January 18, 2023 and as subsequently amended on May 15, 2023 (as amended, the "Securities Purchase Agreement") is made by and among the Company and the Consenting Stockholders (as defined below). Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Securities Purchase Agreement.

W I T N E S S E T H:

WHEREAS, the Company and the Consenting Stockholders desire to modify the terms of the Uplist (as defined below) repayment provision and provide for the issuance of the Pre-Funded Warrant (as defined below);

WHEREAS, pursuant to Section 4.3 of the Second Notes and Section 7(e) of the Securities Purchase Agreement, the Second Notes may be amended in a written instrument signed by the Company, the Lead Investor, and Holders which purchased at least 50% plus $1.00 of the Notes based on the initial Principal Amounts thereunder (the Lead Investor and such Holders, collectively the "Consenting Stockholders"); and

WHEREAS, the undersigned Holders constitute the Consenting Stockholders.

NOW, THEREFORE, in exchange for good and valuable consideration including, without limitation, the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

1. Amendments to Second Notes.

1.1 Section 2.9 of the Second Notes is hereby amended and restated as follows:

"Events Upon Uplist. While any portion of this Note is outstanding, in the event of the listing of the Common Stock on any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American (the "Uplist"), simultaneously upon the closing of the offering conducted in conjunction with the Uplist (such offering, the "Uplist Transaction"), the Specified Percentage of the then outstanding Principal Amount of this Note shall automatically convert (the "Automatic Conversion") into shares of Common Stock, with the Conversion Price for purposes of such Automatic Conversion being equal to the lower of (i) the per unit price at which any units (each unit being comprised of one share or share equivalent and accompanying warrants, if any) are sold in the Uplist Transaction or (ii) the price at which warrants issued in the Uplist Transaction are exercisable (but in no event increased above the Conversion Price in effect immediately prior to the pricing of the Uplist Transaction). As used herein, the "Specified Percentage" means the greater of: (x) the percentage specified by the Borrower by notice to the Holder at least five business days prior to the closing of the Uplist Transaction (which requested percentage shall be the same for all "Notes" (as defined in that certain Omnibus Amendment to Notes and Warrants dated July 7, 2023) (the "Convertible Notes")), which percentage shall be the percentage necessary to ensure the applicable Nasdaq requirements regarding the Uplist are satisfied, and (y) the percentage specified by the Holder by notice to the Borrower at least three business days prior to the closing of the Uplist Transaction (which percentage may be different for each Convertible Note as determined by each holder thereof); provided, that in no event shall the Specified Percentage for this Note (A) exceed twenty five percent (25%) unless otherwise agreed in writing by the Holder, or (B) exceed fifty percent (50%) unless otherwise agreed in writing by the Borrower. In any event, and to ensure the Holder can specify its desired Specified Percentage, the Borrower shall give the Holder at least five business days prior notice identifying the date of closing of the Uplist Transaction. Notwithstanding the foregoing, if the Holder owns more than one Convertible Note, unless it elects otherwise by notice to the Borrower prior the Automatic Conversion, the aggregate amount to be converted in the Automatic Conversion for all such Convertible Notes of Holder combined will be allocated among such Convertible Notes in inverse order of when they were issued (such that the most recently issued Convertible Note is converted in full before any portion of the next-most-recently issued Convertible Note is converted, and so on until such aggregate amount to be converted has been converted).

In addition, upon the closing of the Uplist Transaction if (i) the Holder participates in the Uplist Transaction and in the offering of Common Stock and warrants to purchase Common Stock pursuant to the Purchase Agreement dated on or about the date hereof (the "Bridge Financing") for a combined (taking into account the Holder's aggregate investment in the Uplist and the Bridge Financing) amount equal to no less than fifty percent (50%) of the Holder's original Purchase Price under this Note (the "Minimum Investment Amount") and (ii) the Holder's amount of participation in the Uplist Transaction is at least 4.3 times the Holder's amount of participation in the Bridge Financing, then the Holder shall receive a pre-funded warrant (the "Pre-Funded Warrant") to purchase a number of shares of Common Stock equal to the Specified Number times the dollar amount under this Note that was converted in the Automatic Conversion. As used herein, the "Specified Number" means, if the Specified Percentage is 50%, 2.4, which number shall be increased by 1.6% for each percentage point decrease in the Specified Percentage, such increase being compounded iteratively for each percentage point decrease in the Specified Percentage, with the result rounded to two decimal places (such that, solely as an example, the Specified Number would increase to be equal to 3.57 if the Specified Percentage is equal to 25%). The Pre-Funded Warrant shall have an exercise price of $0.001 per share, may be exercised on a cashless basis, shall be exercisable by the Holder at any time commencing on the 90th day after issuance and shall contain a customary beneficial ownership limitation provision. The Holder agrees that, until the Maturity Date, it shall not offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of, or announce the intention to otherwise dispose of, the Pre-Funded Warrant. The Borrower may, but shall not be required to, at any time offer to redeem each Pre-Funded Warrant (or portion thereof) for cash at a redemption price of $0.82 per share underlying the Pre-Funded Warrant; any such offer shall be made pro rata to all holders of the Pre-Funded Warrants and shall offer to repurchase the same percentage of each. Upon receipt of any such redemption offer, the Holder shall have the right, but not the obligation, exercisable for 15 days after receipt of the offer, to accept such offer in whole or in part, by written notice to the Borrower specifying whether (and to what extent) the Holder accepts such offer. Upon the issuance of the Pre-Funded Warrant to the Holder, all interest payable under this Note shall have been deemed paid, and no other interest shall be due or payable hereunder. Failure of the Borrower to comply with this provision shall constitute an Event of Default. If after the Pre-Funded Warrant is issued to the Holder the Borrower makes a prepayment of all or any portion of the remaining outstanding amount under this Note prior to the Maturity Date, the prepayment shall not be subject to the prepayment premiums set forth in Section 1.9 herein."

2. Miscellaneous.

2.1 Except as expressly amended by this Amendment, the terms and provisions of the Second Notes shall continue in full force and effect. No reference to this Amendment need be made in any instrument or document making reference to the Second Notes; any reference to the Second Notes in any such instrument or document shall be deemed a reference to the Second Notes as amended hereby. The Second Notes as amended hereby shall be binding upon the parties thereto and their respective assigns and successors. Notwithstanding the foregoing, if the registration statement filed in connection with the Uplist Transaction is not declared effective by 11:59 P.M. (EST) on July 31, 2023 (the "Second Note Amendment Termination Date"), this Amendment will automatically terminate and shall be of no further force or effect without any further action by the Company or the Consenting Stockholders, except for Section 2.1 above which shall survive the termination of this Amendment, provided, that the Second Note Amendment Termination Date may be extended by the written approval of the Company and the Consenting Stockholders.

2.2 This Amendment shall be governed by and construed in accordance with the laws of the State of Nevada as such laws are applied to agreements between parties in Nevada.

2.3 This Amendment may be executed in separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

ARCH THERAPEUTICS, INC.

By: _____
Name: Michael S. Abrams
Title: Chief Financial Officer

[Signature Page to Amendment No. 8 to the Second Notes]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

[ ]

By: _____
Name:
Title:

[Signature Page to Amendment No. 8 to the Second Notes]

AMENDMENT NO. 3
TO
UNSECURED CONVERTIBLE PROMISSORY NOTE

This Amendment No. 3 (this "Amendment"), dated as of July 7, 2023, to those certain Unsecured Convertible Promissory Notes (as amended, the Third Notes"), issued by Arch Therapeutics, Inc., a Nevada corporation (the "Company"), to each Holder pursuant to that certain Securities Purchase Agreement, dated July 6, 2022, by and among the Company and the signatories thereto (the "Holders"), as amended on January 18, 2023 and as subsequently amended on May 15, 2023 (as amended, the "Securities Purchase Agreement") is made by and among the Company and the Consenting Stockholders (as defined below). Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Securities Purchase Agreement.

W I T N E S S E T H:

WHEREAS, the Company and the Consenting Stockholders desire to modify the terms of the Uplist (as defined below) repayment provision and provide for the issuance of the Pre-Funded Warrant (as defined below);

WHEREAS, pursuant to Section 4.3 of the Third Notes and Section 7(e) of the Securities Purchase Agreement, the Third Notes may be amended in a written instrument signed by the Company, the Lead Investor, and Holders which purchased at least 50% plus $1.00 of the Notes based on the initial Principal Amounts thereunder (the Lead Investor and such Holders, collectively the "Consenting Stockholders"); and

WHEREAS, the undersigned Holders constitute the Consenting Stockholders.

NOW, THEREFORE, in exchange for good and valuable consideration including, without limitation, the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

1. Amendments to Third Notes.

1.1 Section 2.9 of the Third Notes is hereby amended and restated as follows:

"Events Upon Uplist. While any portion of this Note is outstanding, in the event of the listing of the Common Stock on any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange or NYSE American (the "Uplist"), simultaneously upon the closing of the offering conducted in conjunction with the Uplist (such offering, the "Uplist Transaction"), the Specified Percentage of the then outstanding Principal Amount of this Note shall automatically convert (the "Automatic Conversion") into shares of Common Stock, with the Conversion Price for purposes of such Automatic Conversion being equal to the lower of (i) the per unit price at which any units (each unit being comprised of one share or share equivalent and accompanying warrants, if any) are sold in the Uplist Transaction or (ii) the price at which warrants issued in the Uplist Transaction are exercisable (but in no event increased above the Conversion Price in effect immediately prior to the pricing of the Uplist Transaction). As used herein, the "Specified Percentage" means the greater of: (x) the percentage specified by the Borrower by notice to the Holder at least five business days prior to the closing of the Uplist Transaction (which requested percentage shall be the same for all "Notes" (as defined in that certain Omnibus Amendment to Notes and Warrants dated July 7, 2023) (the "Convertible Notes")), which percentage shall be the percentage necessary to ensure the applicable Nasdaq requirements regarding the Uplist are satisfied, and (y) the percentage specified by the Holder by notice to the Borrower at least three business days prior to the closing of the Uplist Transaction (which percentage may be different for each Convertible Note as determined by each holder thereof); provided, that in no event shall the Specified Percentage for this Note (A) exceed twenty five percent (25%) unless otherwise agreed in writing by the Holder, or (B) exceed fifty percent (50%) unless otherwise agreed in writing by the Borrower. In any event, and to ensure the Holder can specify its desired Specified Percentage, the Borrower shall give the Holder at least five business days prior notice identifying the date of closing of the Uplist Transaction. Notwithstanding the foregoing, if the Holder owns more than one Convertible Note, unless it elects otherwise by notice to the Borrower prior the Automatic Conversion, the aggregate amount to be converted in the Automatic Conversion for all such Convertible Notes of Holder combined will be allocated among such Convertible Notes in inverse order of when they were issued (such that the most recently issued Convertible Note is converted in full before any portion of the next-most-recently issued Convertible Note is converted, and so on until such aggregate amount to be converted has been converted).

In addition, upon the closing of the Uplist Transaction if (i) the Holder participates in the Uplist Transaction and in the offering of Common Stock and warrants to purchase Common Stock pursuant to the Purchase Agreement dated on or about the date hereof (the "Bridge Financing") for a combined (taking into account the Holder's aggregate investment in the Uplist and the Bridge Financing) amount equal to no less than fifty percent (50%) of the Holder's original Purchase Price under this Note (the "Minimum Investment Amount") and (ii) the Holder's amount of participation in the Uplist Transaction is at least 4.3 times the Holder's amount of participation in the Bridge Financing, then the Holder shall receive a pre-funded warrant (the "Pre-Funded Warrant") to purchase a number of shares of Common Stock equal to the Specified Number times the dollar amount under this Note that was converted in the Automatic Conversion. As used herein, the "Specified Number" means, if the Specified Percentage is 50%, 2.4, which number shall be increased by 1.6% for each percentage point decrease in the Specified Percentage, such increase being compounded iteratively for each percentage point decrease in the Specified Percentage, with the result rounded to two decimal places (such that, solely as an example, the Specified Number would increase to be equal to 3.57 if the Specified Percentage is equal to 25%). The Pre-Funded Warrant shall have an exercise price of $0.001 per share, may be exercised on a cashless basis, shall be exercisable by the Holder at any time commencing on the 90th day after issuance and shall contain a customary beneficial ownership limitation provision. The Holder agrees that, until the Maturity Date, it shall not offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of, or announce the intention to otherwise dispose of, the Pre-Funded Warrant. The Borrower may, but shall not be required to, at any time offer to redeem each Pre-Funded Warrant (or portion thereof) for cash at a redemption price of $0.82 per share underlying the Pre-Funded Warrant; any such offer shall be made pro rata to all holders of the Pre-Funded Warrants and shall offer to repurchase the same percentage of each. Upon receipt of any such redemption offer, the Holder shall have the right, but not the obligation, exercisable for 15 days after receipt of the offer, to accept such offer in whole or in part, by written notice to the Borrower specifying whether (and to what extent) the Holder accepts such offer. Upon the issuance of the Pre-Funded Warrant to the Holder, all interest payable under this Note shall have been deemed paid, and no other interest shall be due or payable hereunder. Failure of the Borrower to comply with this provision shall constitute an Event of Default. If after the Pre-Funded Warrant is issued to the Holder the Borrower makes a prepayment of all or any portion of the remaining outstanding amount under this Note prior to the Maturity Date, the prepayment shall not be subject to the prepayment premiums set forth in Section 1.9 herein."

2. Miscellaneous.

2.1 Except as expressly amended by this Amendment, the terms and provisions of the Third Notes shall continue in full force and effect. No reference to this Amendment need be made in any instrument or document making reference to the Third Notes; any reference to the Third Notes in any such instrument or document shall be deemed a reference to the Third Notes as amended hereby. The Third Notes as amended hereby shall be binding upon the parties thereto and their respective assigns and successors. Notwithstanding the foregoing, if the registration statement filed in connection with the Uplist Transaction is not declared effective by 11:59 P.M. (EST) on July 31, 2023 (the "Third Note Amendment Termination Date"), this Amendment will automatically terminate and shall be of no further force or effect without any further action by the Company or the Consenting Stockholders, except for Section 2.1 above which shall survive the termination of this Amendment, provided, that the Third Note Amendment Termination Date may be extended by the written approval of the Company and the Consenting Stockholders.

2.2 This Amendment shall be governed by and construed in accordance with the laws of the State of Nevada as such laws are applied to agreements between parties in Nevada.

2.3 This Amendment may be executed in separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

ARCH THERAPEUTICS, INC.

By: _____
Name: Michael S. Abrams
Title: Chief Financial Officer

[Signature Page to Amendment No. 3 to the Third Notes]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

[ ]

By: _____
Name:
Title:

[Signature Page to Amendment No. 3 to the Third Notes]

Exhibit 10.20

ARCH THERAPEUTICS, INC.

OMNIBUS AMENDMENT TO
NOTES AND WARRANTS

July 7, 2023

This Omnibus Amendment to Notes and Warrants (this "Amendment") to those certain (i) "First Notes" (the "First Notes") (as defined in the Purchase Agreement (as defined below)), (ii) "Second Notes" (the "Second Notes") (as defined in the Purchase Agreement), (iii) Third Notes (the "Third Notes" and, collectively with the First Notes and Second Notes, the "Notes") (as defined in the Purchase Agreement), and (iv) related warrants (the "First Warrants", "Second Warrants" and "Third Warrants", respectively, and collectively, the "Warrants") issued pursuant to the certain Securities Purchase Agreement, dated July 6, 2022, as amended on January 18, 2023 and May 15, 2023 (as amended, the "Purchase Agreement"), by and among Arch Therapeutics, Inc., a Nevada corporation (the "Company") and certain institutional and accredited institutional investors (collectively, the "Holders"), is made by and among the Company and the Consenting Stockholders (as defined below). Capitalized terms not otherwise defined in this letter agreement shall have the same meaning as in the Purchase Agreement. For the avoidance of doubt, the Notes include any promissory notes issued pursuant to the terms of the Notes.

W I T N E S S E T H:

WHEREAS, pursuant to Section 4.14 of the Notes and Section 5(p) of the Warrants (collectively, the "MFN Provisions"), the Holders have the right to cause the Company to use its best efforts to cause additional or more favorable terms to become a part of such Notes and Warrants;

WHEREAS, pursuant to Section 4.3 of the Notes, Section 5(l) of the Warrants and Section 7(e) of the Purchase Agreement, the Notes and the Warrants may be amended in a written instrument signed by the Company, the Lead Investor, and Holders which purchased at least 50% plus $1.00 of the Notes based on the initial Principal Amounts thereunder (the Lead Investor and such Holders, collectively the "Consenting Stockholders");

WHEREAS, the Company and the Consenting Stockholders desire to modify the terms of the MFN Provisions in light of the entrance by the Company into that certain Securities Purchase Agreement (the "Bridge Purchase Agreement"), dated as of July 7, 2023, by and among the Company and the buyers signatory thereto, and the consummation of the transactions contemplated thereby (the "Bridge Financing"); and

WHEREAS, the undersigned Holders constitute the Consenting Stockholders.

NOW, THEREFORE, in exchange for good and valuable consideration including, without limitation, the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

1. Section 4.14 of the Notes is hereby amended and restated as follows;

"Terms of Future Financings. So long as this Note is outstanding, except in connection with the Bridge Financing pursuant to the Bridge Purchase Agreement, upon any issuance by the Borrower or any of its subsidiaries of any security with any term more favorable to the holder of such security or with a term in favor of the holder of such security that was not similarly provided to the Holder in this Note, then the Borrower shall notify the Holder of such additional or more favorable term and at Holder's option, the Borrower shall use its best efforts to cause such additional or more favorable term to become a part of the transaction documents with the Holder (irrespective of whether Borrower provided the notification or not). The types of terms contained in another security that may be more favorable to the holder of such security include, but are not limited to, terms addressing anti-dilution protections, conversion discounts, prepayment rate, conversion lookback periods, interest rates, original issue discounts, stock sale price, private placement price per share, and warrant coverage. For the avoidance of doubt, with respect to the offering conducted in connection with the Uplist, and effective upon the consummation of such offering, the Conversion Price applicable in each Note shall automatically be reduced to the lowest price per unit at which any units (each unit being comprised of one share or share equivalent and accompanying warrants, if any) are sold in such offering, or at which warrants issued in such offering are exercisable (but in no event increased above the Conversion Price in effect immediately prior to such offering)."

2. Section 5(p) of the Warrants is hereby amended and restated as follows:

"Terms of Future Securities. So long as this Warrant is outstanding, except in connection with the Bridge Financing pursuant to the Bridge Purchase Agreement, upon any issuance by the Company or any of its subsidiaries of any security with any term more favorable to the holder of such security or with a term in favor of the holder of such security that was not similarly provided to the Holder in this Warrant, then the Company shall notify the Holder of such additional or more favorable term and at Holder's option, the Company shall use its best efforts to cause such additional or more favorable term to become a part of this Warrant with the Holder (irrespective of whether Company provided the notification or not). The types of terms contained in another security that may be more favorable to the holder of such security include, but are not limited to, terms addressing anti-dilution protections, stock sale price, private placement price per share, and warrant coverage. For the avoidance of doubt, with respect to the offering conducted in connection with the Uplist, and effective upon the consummation of such offering, the "exercise price" applicable in each Warrant shall automatically be reduced to the lowest price per unit at which any units (each unit being comprised of one share or share equivalent and accompanying warrants, if any) are sold in such offering, or at which warrants issued in such offering are exercisable (but in no event increased above the Warrant exercise price in effect immediately prior to such offering)."

3. Each Note is hereby amended to add a new Section 4.15A to each such Note, to read in its entirety as follows:

"4.15A Future Raises. If any Pre-Funded Warrants are issued, the Borrower shall not consummate any capital raising transactions (including but not limited to from the issuance of debt and/or equity securities) until the earlier of (a) the four-year anniversary of the date of the Bridge Purchase Agreement and (b) the first date on which all Holders hold less than 20% of the original amount of Pre-Funded Warrants received by each Holder, respectively, in connection with the Automatic Conversion (such earlier date, the "4.15A End Date"), in each case other than (i) the Uplist Transaction, (ii) any Permitted Equity Line Facility (as defined in the Bridge Purchase Agreement), and (iii) any transaction that is consented to in writing (with specific reference to this Section 4.15A) by the holders of Pre-Funded Warrants then outstanding that at such time are exercisable (ignoring for such purposes any beneficial ownership limitation provisions therein) for a number of shares that is, in the aggregate, at least 50.1% of the total number of shares then issuable upon exercise of all such Pre-Funded Warrants outstanding (ignoring for such purposes any beneficial ownership limitation provisions therein). The provisions of this Section 4.15A shall survive termination or payment in full of this Note and shall remain in effect through the 4.15A End Date.

4. This Amendment shall be governed by and construed in accordance with the laws of the State of Nevada as such laws are applied to agreements between parties in Nevada.

5. This Amendment may be executed in separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement.

[signature page to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

ARCH THERAPEUTICS, INC.

By: _____
Name: Michael S. Abrams
Title: Chief Financial Officer

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

[ ]

By: _____
Name:
Title:

Exhibit 10.24

Certain identified information has been excluded from this exhibit because it is both (i) not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed. [***] indicates that information has been redacted.

SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (the "Agreement"), dated as of July 7, 2023 (the "Effective Date"), by **ARCH THERAPEUTICS, INC.**, a Nevada corporation, with headquarters located at 235 Walnut Street, Suite 6, Framingham, MA 01702 (the "Company"), and each buyer identified on the signature pages hereto (each, including it successors and assigns, a "Buyer" and collectively, the "Buyers").

RECITALS

A. The Company and the Buyers are executing and delivering this Agreement in reliance upon an exemption from securities registration afforded by the rules and regulations as promulgated by the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "1933 Act");

B. Subject to the terms and provisions hereinafter set forth, each Buyer, severally and not jointly, desires to purchase, and the Company desires to sell and issue to Buyers, that number of (a) shares (the "Shares") of common stock, $0.001 par value per share, of the Company (the "Common Stock"), (b) pre-funded warrants, each in the form attached hereto as Exhibit A (the "Pre-Funded Warrants") to purchase shares of Common Stock and (c) common warrants, each in the form attached hereto as Exhibit B (the "Common Warrants" and, together with the Pre-Funded Warrants, the "Warrants") set forth on each Buyer's signature page hereto (the closing of such issuance and sale, the "Closing" and this Agreement and any and all documents or instruments executed or to be executed by in connection with this Agreement, including the Pre-Funded Warrants, the Warrants, the Registration Rights Agreement, in the form attached as Exhibit C hereto (the " Registration Rights Agreement"), the Lock-Up Agreement, in the form attached as Exhibit D hereto (the "Lock-Up Agreement"), and the Exchange Warrants (as defined below), together with all modifications, amendments, extensions, future advances, renewals, and substitutions thereof are sometimes hereinafter individually referred to as a "Transaction Document" and collectively as the "Transaction Documents").

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Buyers severally (and not jointly) hereby agree as follows:

1. PURCHASE AND SALE OF SHARES AND WARRANTS.

a. Purchase of Shares, Pre-Funded Warrants and Common Warrants. Subject to the satisfaction (or waiver) of the terms and conditions of this Agreement, each Buyer, severally and not jointly, agrees to purchase, at the Closing, and Company agrees to sell and issue to each Buyer, at the Closing, (i) the number of Shares set forth on such Buyer's signature page hereto, at the price of $0.275 per Share, (ii) the number of Pre-Funded Warrants (each Pre-Funded Warrant being exercisable for one share of Common Stock) set forth on such Buyer's signature page hereto, at the price of $0.274 per Pre-Funded Warrant and (iii) a number of accompanying Common Warrants (each Common Warrant being exercisable for one share of Common Stock) equal to the sum of the amount of Shares and Pre-Funded Warrants being purchased by such Buyer, as set forth on such Buyer's signature page hereto.

b. Closing. The Closing shall occur on or about the date hereof, or as soon as practicable thereafter, through the use of overnight mails, electronic email and subject to customary escrow instructions from Buyers and their respective counsel, or in such other manner as is mutually agreed to by the Company and the Buyers.

c. Form of Payment. On the date of Closing (the "Closing Date"), each Buyer shall pay the aggregate purchase price for the Shares, Pre-Funded Warrants and Common Warrants set forth on such Buyer's signature page hereto (the " Purchase Price") by wire transfer of immediately available funds to the Company, in accordance with the Company's written wiring instructions, against delivery of such Shares and Warrants to such Buyer in the amounts set forth on such Buyer's signature page hereto.

d. Additional Closings. Until the date that is 30 days after the initial Closing Date, additional parties ("Additional Buyers") may sign a signature page to this Agreement and thereby agree, severally and not jointly, to purchase Shares, Pre-Funded Warrants and/or Common Warrants as set forth on such Additional Buyers' respective signature pages, and the Company may sell and issue such Securities to such Additional Buyers, all upon the same terms and conditions as the other Buyers hereunder, including the provisions set forth in Sections 1(a)-(c); such Additional Buyers shall be considered "Buyers" hereunder for all purposes beginning at the time each such Additional Buyer completes the purchase of Shares, Pre-Funded Warrants and/or Common Warrants (each such time, an " Additional Closing"); and the conditions set forth in Sections 2(b), 3, 5 and 6 shall apply to each Additional Closing as if the references to "Closing" or "Closing Date" in such sections refer to such Additional Closing, as applicable.

2. REPRESENTATIONS AND WARRANTIES OF THE BUYERS. Each Buyer represents and warrants to the Company that:

a. Investment Purpose. As of the date hereof, the Buyer is purchasing the Shares, the Pre-Funded Warrants, the shares of Common Stock issuable upon exercise of or otherwise pursuant to the Pre-Funded Warrants (the "Pre-Funded Warrant Shares"), the Common Warrants, the shares of Common Stock issuable upon exercise of or otherwise pursuant to the Common Warrants (the "Common Warrant Shares" and together with the Pre-Funded Warrant Shares, the "Warrant Shares"), any warrants to be issued upon the exchange of the Common Warrants pursuant to Section 5(p) of the Common Warrants (the "Exchange Warrants") and the shares of Common Stock issuable upon exercise of or otherwise pursuant to the Exchange Warrants (the "Exchange Warrant Shares"), hereafter referred to in the aggregate as the "Securities," for its own account and not with a present view towards the public sale or distribution thereof, except pursuant to sales registered or exempted from registration under the 1933 Act; provided, however, that by making the representations herein, the Buyer does not agree to hold any of the Securities for any minimum or other specific term and reserves the right to dispose of the Securities at any time in accordance with or pursuant to a registration statement or an exemption under the 1933 Act.

b. Accredited Investor Status. The Buyer is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D (an "Accredited Investor") and has completed the Investor Representation and Suitability Questionnaire included in the investor package that accompanied this Agreement (the "Investor Package") to indicate the Buyer's "accredited investor" status. The information contained in the Buyer's Investor Representation and Suitability Questionnaire is correct as of the date of this Agreement, and, if there should be any material change in such information prior to the Closing of the offering, such Buyer will furnish such revised or corrected information to the Company. The Buyer hereby acknowledges and is aware that except for any rescission rights that may be provided under applicable laws, the Buyer is not entitled to cancel, terminate or revoke its subscription and any agreements made in connection herewith shall survive the Buyer death or disability.

c. Reliance on Exemptions. The Buyer understands that the Securities are being offered and sold to it in reliance upon specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of the Buyer to acquire the Securities.

d. Information. The Buyer and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Securities which have been requested by the Buyer or its advisors, including the Risk Factors attached as Exhibit D to the Investor Package, the Company's Annual Report on Form 10-K for the year ended September 30, 2022, the Company's Quarterly Reports on Form 10-Q for the periods ended December 31, 2022 and March 31, 2023 and the Company's Current Reports on Form 8-K filed with the SEC on December 2, 2022, January 17, 2023, January 20, 2023, February 16, 2023, March 7, 2023, March 9, 2023, March 17, 2023 and April 20, 2023. The Buyer and its advisors, if any, have been afforded the opportunity to ask questions of the Company. Notwithstanding the foregoing, the Company has not disclosed to the Buyer any material nonpublic information and will not disclose such information unless such information is disclosed to the public prior to or promptly following such disclosure to the Buyer. Neither such inquiries nor any other due diligence investigation conducted by Buyer or any of its advisors or representatives shall modify, amend or affect Buyer's right to rely on the Company's representations and warranties contained in Section 3 below. The Buyer understands that its investment in the Securities involves a significant degree of risk. The Buyer is not aware of any facts that may constitute a breach of any of the Company's representations and warranties made herein.

e. Governmental Review. The Buyer understands that no United States federal or state agency or any other government or governmental agency has passed upon or made any recommendation or endorsement of the Securities.

f. Transfer or Re-sale. The Buyer understands that the sale or re-sale of the Securities has not been and is not being registered under the 1933 Act or any applicable state securities laws, and the Securities may not be transferred unless the Securities are sold pursuant to an effective registration statement under the 1933 Act, the Buyer shall have delivered to the Company, at the cost of the Company, an opinion of counsel that shall be in form, substance and scope customary for opinions of counsel in comparable transactions to the effect that the Securities to be sold or transferred may be sold or transferred pursuant to an exemption from such registration, which opinion shall be accepted by the Company, the Securities are sold or transferred to an "affiliate" (as defined in Rule 144 promulgated under the 1933 Act (or a successor rule) ("Rule 144")) of the Buyer who agrees to sell or otherwise transfer the Securities only in accordance with this Section 2(f) and who is an Accredited Investor, the Securities are sold pursuant to Rule 144, and the Buyer shall have delivered to the Company, at the cost of the Company, not to exceed $750 per opinion, an opinion of counsel that shall be in form, substance and scope customary for opinions of counsel in corporate transactions, which opinion shall be accepted by the Company; (ii) any sale of the Securities made in reliance on Rule 144 may be made only in accordance with the terms of said Rule and further, if said Rule is not applicable, any re-sale of such Securities under circumstances in which the seller (or the person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the 1933 Act) may require compliance with some other exemption under the 1933 Act or the rules and regulations of the SEC thereunder; and (iii) except as otherwise provided herein, neither the Company nor any other person is under any obligation to register the Securities under the 1933 Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder (in each case). Notwithstanding the foregoing or anything else contained herein to the contrary, the Securities may be pledged as collateral in connection with a bona fide margin account or other lending arrangement. In the event that the Company unreasonably rejects the opinion of counsel provided by the Buyer with respect to the transfer of Securities pursuant to an exemption from registration, within three (3) business days of delivery of the opinion to the Company, the Company shall pay to the Buyer liquidated damages of One Thousand Dollars ($1,000) per day, in cash or shares at the option of the Buyer ("Standard Liquidated Damages Amount"). If the Buyer elects to be pay the Standard Liquidated Damages Amount in shares of Common Stock, such shares shall be issued at the price of $0.25 per share, subject to adjustment for stock splits and similar transactions.

g. Legends. The Buyer understands that until such time as the Securities have been registered under the 1933 Act or may be sold pursuant to Rule 144 without any restriction as to the number of securities as of a particular date that can then be immediately sold, such Securities may bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of the certificates for such Securities):

"NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE OR CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES."

The legend set forth above shall be removed and the Company shall issue a certificate without such legend to the holder of any Security upon which it is stamped, if, unless otherwise required by applicable state securities laws, (a) such Security is registered for sale under an effective registration statement filed under the 1933 Act or otherwise may be sold pursuant to Rule 144 or Regulation S without any restriction as to the number of securities as of a particular date that can then be immediately sold, or (b) such holder provides the Company with an opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that a public sale or transfer of such Security may be made without registration under the 1933 Act, which opinion shall be accepted by the Company so that the sale or transfer is effected. The Buyer agrees to sell all Securities, including those represented by a certificate(s) from which the legend has been removed, in compliance with applicable prospectus delivery requirements, if any, and to use commercially reasonable efforts to promptly sell such Securities following the Buyer's receipt thereof.

h. Authorization; Enforcement. This Agreement has been duly and validly authorized. This Agreement has been duly executed and delivered on behalf of the Buyer, and this Agreement constitutes a valid and binding agreement of the Buyer enforceable in accordance with its terms.

i. Residency. The Buyer, if an individual, is as resident of the jurisdiction set forth on its respective signature page, and if the Buyer is an entity, the Buyer is organized in the jurisdiction set forth on its respective signature page.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY . The Company makes the following representations and warranties to each Buyer, each of which shall be true and correct in all respects as of the date of the execution and delivery of this Agreement and as of the Closing Date, and which shall survive the execution and delivery of this Agreement:

a. Organization and Qualification. The Company and each of its Subsidiaries (as defined below), if any, is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated, with full power and authority (corporate and other) to own, lease, use and operate its properties and to carry on its business as and where now owned, leased, used, operated and conducted. The Company and each of its Subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which its ownership or use of property or the nature of the business conducted by it makes such qualification necessary except where the failure to be so qualified or in good standing would not have a Material Adverse Effect. "Material Adverse Effect" means any material adverse effect on the business, operations, assets, financial condition or prospects of the Company or its Subsidiaries, if any, taken as a whole, or on the transactions contemplated hereby or by the agreements or instruments to be entered into in connection herewith. "Subsidiaries" means any corporation or other organization, whether incorporated or unincorporated, in which the Company owns, directly or indirectly, any equity or other ownership interest.

b. Authorization; Enforcement. (i) The Company has all requisite corporate power and authority to enter into, deliver and perform this Agreement and to consummate the transactions contemplated hereby and thereby and to issue the Securities, in accordance with the terms hereof and thereof, (ii) the execution and delivery of this Agreement by the Company and the consummation by it of the transactions contemplated hereby and thereby (including without limitation, the issuance of the Shares and Warrants and, except as disclosed in Schedule 3(b), the issuance and reservation for issuance of the Warrant Shares) have been duly authorized by the Company's Board of Directors and no further consent or authorization of the Company, its Board of Directors, or its shareholders is required, (iii) this Agreement has been duly executed and delivered by the Company by its authorized representative, and such authorized representative is the true and official representative with authority to sign this Agreement and the other documents executed in connection herewith and bind the Company accordingly, and (iv) this Agreement constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

c. Capitalization. The capitalization of the Company as of the date hereof is as set forth on Schedule 3(c). Except as disclosed in Schedule 3(c), no shares are reserved for issuance pursuant to the Company's stock option plans and no shares are reserved for issuance pursuant to securities exercisable for, or convertible into or exchangeable for shares of Common Stock. All of such outstanding shares of capital stock are, or upon issuance will be, duly authorized, validly issued, fully paid and non-assessable. No shares of capital stock of the Company are subject to preemptive rights or any other similar rights of the shareholders of the Company or any liens or encumbrances imposed through the actions or failure to act of the Company. Except as disclosed in Schedule 3(c), as of the effective date of this Agreement, (i) there are no outstanding options, warrants, scrip, rights to subscribe for, puts, calls, rights of first refusal, agreements, understandings, claims or other commitments or rights of any character whatsoever relating to, or securities or rights convertible into or exchangeable for any shares of capital stock of the Company or any of its Subsidiaries, or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its Subsidiaries, (ii) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of its or their securities under the 1933 Act and (iii) there are no anti-dilution or price adjustment provisions contained in any security issued by the Company (or in any agreement providing rights to security holders) that will be triggered by the issuance of the Shares or the Warrants. The Company has filed in its SEC Documents true and correct copies of the Company's Certificate of Incorporation as in effect on the date hereof ("Certificate of Incorporation"), the Company's By-laws, as in effect on the date hereof (the "By-laws"), and the terms of all securities convertible into or exercisable for Common Stock of the Company and the material rights of the holders thereof in respect thereto. The Company shall provide each Buyer with a written update of this representation signed by the Company's Chief Executive Officer on behalf of the Company as of each Closing Date.

d. Issuance of Shares, Pre-Funded Warrants and Common Warrants. The issuance of the Shares, Pre-Funded Warrants and Common Warrants is duly authorized and, upon issuance in accordance with the terms of this Agreement, the Shares, Pre-Funded Warrants and Common Warrants will be validly issued, fully paid and non-assessable (except, with respect to the Pre-Funded Warrants and Common Warrants, to the extent that amounts need to be remitted upon their exercise) and free from all preemptive or similar rights, taxes, liens, charges and other encumbrances with respect to the issue thereof. The issuance of Exchange Warrants is duly authorized and, upon issuance in accordance with the terms of the Common Warrants, the Exchange Warrants will be validly issued, fully paid and non-assessable (except to the extent that amounts need to be remitted upon their exercise) and free from all preemptive or similar rights, taxes, liens, charges and other encumbrances with respect to the issue thereof. Except as disclosed in Schedule 3(d), the Common Warrant Shares, the Pre-Funded Warrant Shares and the Exchange Warrant Shares are duly authorized and reserved for issuance and, upon exercise of each Warrant or Exchange Warrant in accordance with its respective terms, will be validly issued, fully paid and non-assessable, and free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Company and will not impose personal liability upon the holder thereof.

e. Acknowledgment of Dilution. The Company understands and acknowledges the potentially dilutive effect to the Common Stock upon the issuance of the Shares and upon issuance of the Pre-Funded Warrant Shares upon exercise of each Pre-Funded Warrant, the Common Warrant Shares upon exercise of each Common Warrant and Exchange Warrant Shares upon exercise of each Exchange Warrant. The Company further acknowledges that its obligation to issue Pre-Funded Warrant Shares, Common Warrant Shares, Exchange Warrant Shares and other shares upon exercise of each Pre-Funded Warrant, Common Warrant or Exchange Warrant in accordance with this Agreement or such Pre-Funded Warrant, Common Warrant or Exchange Warrant, as applicable, is absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other shareholders of the Company.

f. No Conflicts. The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, except as disclosed in Schedule 3(f), the issuance and reservation for issuance of the Shares, Pre-Funded Warrant Shares, Common Warrant Shares and Exchange Warrant Shares) will not (i) conflict with or result in a violation of any provision of the Certificate of Incorporation or By-laws, or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture, patent, patent license or instrument to which the Company or any of its Subsidiaries is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Company or its securities are subject) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected (except for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect). Neither the Company nor any of its Subsidiaries is in violation of its Certificate of Incorporation, By-laws or other organizational documents and neither the Company nor any of its Subsidiaries is in default (and no event has occurred which with notice or lapse of time or both could put the Company or any of its Subsidiaries in default) under, and neither the Company nor any of its Subsidiaries has taken any action or failed to take any action that would give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party or by which any property or assets of the Company or any of its Subsidiaries is bound or affected, except for possible defaults as would not, individually or in the aggregate, have a Material Adverse Effect. The businesses of the Company and its Subsidiaries, if any, are not being conducted, and shall not be conducted so long as any Buyer owns any of the Securities, in violation of any law, ordinance or regulation of any governmental entity. Except as specifically contemplated by this Agreement and as required under the 1933 Act and any applicable state securities laws, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court, governmental agency, regulatory agency, self-regulatory organization or stock market or any third party in order for it to execute, deliver or perform any of its obligations under this Agreement or the Warrants or Exchange Warrants in accordance with the terms hereof or thereof or to issue and sell the Shares or Warrants or Exchange Warrants in accordance with the terms hereof and to issue the Warrant Shares upon exercise of the Warrants and Exchange Warrant Shares upon exercise of the Exchange Warrants. All consents, authorizations, orders, filings and registrations which the Company is required to obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date hereof. The Company is not in violation of the listing requirements of the Over-the-Counter Bulletin Board (the "OTCBB"), the OTCQB or any similar quotation system, and does not reasonably anticipate that the Common Stock will be delisted by the OTCBB, the OTCQB or any similar quotation system, in the foreseeable future nor are the Company's securities "chilled" by DTC. The Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing.

g. SEC Documents; Financial Statements. Except as disclosed in Schedule 3(g), The Company has timely filed all quarterly and annual reports required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act") (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the "SEC Documents"). The Company has delivered to each Buyer true and complete copies of the SEC Documents, except for such exhibits and incorporated documents, and except as such Documents are available EDGAR filings on the SEC's sec.gov website. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the statements made in any such SEC Documents is, or has been, required to be amended or updated under applicable law (except for such statements as have been amended or updated in subsequent filings prior the date hereof). As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with United States generally accepted accounting principles, consistently applied, during the periods involved and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as set forth in the financial statements of the Company included in the SEC Documents, the Company has no liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to March 31, 2023, and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in such financial statements, which, individually or in the aggregate, are not material to the financial condition or operating results of the Company. The Company is subject to the reporting requirements of the 1934 Act. For the avoidance of doubt, filing of the documents required in this Section 3(g) via the SEC's Electronic Data Gathering, Analysis, and Retrieval system ("EDGAR") shall satisfy all delivery requirements of this Section 3(g).

h. Absence of Certain Changes. Since March 31, 2023, except as disclosed in Schedule 3(h), there has been no material adverse change and no material adverse development in the assets, liabilities, business, properties, operations, financial condition, results of operations, prospects or 1934 Act reporting status of the Company or any of its Subsidiaries.

i. Absence of Litigation. There is no action, suit, claim, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against or affecting the Company or any of its Subsidiaries, or their officers or directors in their capacity as such, that could have a Material Adverse Effect. Schedule 3(i) contains a complete list and summary description of any pending or, to the knowledge of the Company, threatened proceeding against or affecting the Company or any of its Subsidiaries, without regard to whether it would have a Material Adverse Effect. The Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing.

j. Patents, Copyrights, etc. The Company and each of its Subsidiaries owns or possesses the requisite licenses or rights to use all patents, patent applications, patent rights, inventions, know-how, trade secrets, trademarks, trademark applications, service marks, service names, trade names and copyrights ("Intellectual Property") necessary to enable it to conduct its business as now operated (and, as presently contemplated to be operated in the future). Except as disclosed in Schedule 3(j), there is no claim or action by any person pertaining to, or proceeding pending, or to the Company's knowledge threatened, which challenges the right of the Company or of a Subsidiary with respect to any Intellectual Property necessary to enable it to conduct its business as now operated (and, as presently contemplated to be operated in the future); to the best of the Company's knowledge, the Company's or its Subsidiaries' current and intended products, services and processes do not infringe on any Intellectual Property or other rights held by any person; and the Company is unaware of any facts or circumstances which might give rise to any of the foregoing. The Company and each of its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of their Intellectual Property.

k. No Materially Adverse Contracts, Etc. Neither the Company nor any of its Subsidiaries is subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation which in the judgment of the Company's officers has or is expected in the future to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries is a party to any contract or agreement which in the judgment of the Company's officers has or is expected to have a Material Adverse Effect.

l. Tax Status. The Company and each of its Subsidiaries has made or filed all federal, state and foreign income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject (unless and only to the extent that the Company and each of its Subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) and has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. The Company has not executed a waiver with respect to the statute of limitations relating to the assessment or collection of any foreign, federal, state or local tax. None of the Company's tax returns is presently being audited by any taxing authority.

m. Certain Transactions. Except for arm's length transactions pursuant to which the Company or any of its Subsidiaries makes payments in the ordinary course of business upon terms no less favorable than the Company or any of its Subsidiaries could obtain from third parties and other than the grant of stock options disclosed on Schedule 3(c), none of the officers, directors, or employees of the Company is presently a party to any transaction with the Company or any of its Subsidiaries (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

n. Disclosure. All information relating to or concerning the Company or any of its Subsidiaries set forth in this Agreement and provided to each Buyer pursuant to Section 2(d) hereof and otherwise in connection with the transactions contemplated hereby is true and correct in all material respects and the Company has not omitted to state any material fact necessary in order to make the statements made herein or therein, in light of the circumstances under which they were made, not misleading. No event or circumstance has occurred or exists with respect to the Company or any of its Subsidiaries or its or their business, properties, prospects, operations or financial conditions, which, under applicable law, rule or regulation, requires public disclosure or announcement by the Company but which has not been so publicly announced or disclosed (assuming for this purpose that the Company's reports filed under the 1934 Act are being incorporated into an effective registration statement filed by the Company under the 1933 Act).

o. Acknowledgment Regarding each Buyer's Purchase of Securities. The Company acknowledges and agrees that each Buyer is acting solely in the capacity of an arm's length purchaser with respect to this Agreement and the transactions contemplated hereby. The Company further acknowledges that no Buyer is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to this Agreement and the transactions contemplated hereby and any statement made by a Buyer or any of its respective representatives or agents in connection with this Agreement and the transactions contemplated hereby is not advice or a recommendation and is merely incidental to the Buyer' purchase of the Securities. The Company further represents to each Buyer that the Company's decision to enter into this Agreement has been based solely on the independent evaluation of the Company and its representatives.

p. No Integrated Offering. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales in any security or solicited any offers to buy any security under circumstances that would require registration under the 1933 Act of the issuance of the Securities to the Buyers. The issuance of the Securities to the Buyers will not be integrated with any other issuance of the Company's securities (past, current or future) for purposes of any shareholder approval provisions applicable to the Company or its securities.

q. No Brokers. With the exception of the fees owing to [***] in respect of the transactions contemplated by this Agreement, as described in the Investor Package, and certain fees which may be owing to Maxim Group LLC relating to certain residual fee arrangements, the Company has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

r. Permits; Compliance. The Company and each of its Subsidiaries is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary to own, lease and operate its properties and to carry on its business as it is now being conducted (collectively, the "Company Permits"), and there is no action pending or, to the knowledge of the Company, threatened regarding suspension or cancellation of any of the Company Permits. Neither the Company nor any of its Subsidiaries is in conflict with, or in default or violation of, any of the Company Permits, except for any such conflicts, defaults or violations which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Since March 31, 2023, neither the Company nor any of its Subsidiaries has received any notification with respect to possible conflicts, defaults or violations of applicable laws, except for notices relating to possible conflicts, defaults or violations, which conflicts, defaults or violations would not have a Material Adverse Effect.

s. Environmental Matters.

(i) There are, to the Company's knowledge, with respect to the Company or any of its Subsidiaries or any predecessor of the Company, no past or present violations of Environmental Laws (as defined below), releases of any material into the environment, actions, activities, circumstances, conditions, events, incidents, or contractual obligations which may give rise to any common law environmental liability or any liability under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 or similar federal, state, local or foreign laws and neither the Company nor any of its Subsidiaries has received any notice with respect to any of the foregoing, nor is any action pending or, to the Company's knowledge, threatened in connection with any of the foregoing. The term "Environmental Laws" means all federal, state, local or foreign laws relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), including, without limitation, laws relating to emissions, discharges, releases or threatened releases of chemicals, pollutants contaminants, or toxic or hazardous substances or wastes (collectively, "Hazardous Materials") into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as well as all authorizations, codes, decrees, demands or demand letters, injunctions, judgments, licenses, notices or notice letters, orders, permits, plans or regulations issued, entered, promulgated or approved thereunder.

(ii) Other than those that are or were stored, used or disposed of in compliance with applicable law, no Hazardous Materials are contained on or about any real property currently owned, leased or used by the Company or any of its Subsidiaries, and no Hazardous Materials were released on or about any real property previously owned, leased or used by the Company or any of its Subsidiaries during the period the property was owned, leased or used by the Company or any of its Subsidiaries, except in the normal course of the Company's or any of its Subsidiaries' business.

(iii) There are no underground storage tanks on or under any real property owned, leased or used by the Company or any of its Subsidiaries that are not in compliance with applicable law.

t. Title to Property. Except as disclosed in Schedule 3(t), the Company and its Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them which is material to the business of the Company and its Subsidiaries, in each case free and clear of all liens, encumbrances and defects or such as would not have a Material Adverse Effect. Any real property and facilities held under lease by the Company and its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as would not have a Material Adverse Effect.

u. Internal Accounting Controls. Except as disclosed in Schedule 3(u), the Company and each of its Subsidiaries maintain a system of internal accounting controls sufficient, in the judgment of the Company's board of directors, to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

v. Foreign Corrupt Practices. Neither the Company, nor any of its Subsidiaries, nor any director, officer, agent, employee or other person acting on behalf of the Company or any Subsidiary has, in the course of his actions for, or on behalf of, the Company, used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

w. Solvency. Except as disclosed in Schedule 3(w), The Company (after giving effect to the transactions contemplated by this Agreement) has no information that would lead it to reasonably conclude that the Company would not, after giving effect to the transactions contemplated by this Agreement, have the ability to, nor does it intend to take any action that would impair its ability to, pay its debts from time to time incurred in connection therewith as such debts mature. The Company did not receive a qualified opinion from its auditors with respect to its most recent fiscal year end and, after giving effect to the transactions contemplated by this Agreement, does not anticipate or know of any basis upon which its auditors might issue a qualified opinion in respect of its current fiscal year. For the avoidance of doubt any disclosure of the Borrower's ability to continue as a "going concern" shall not, by itself, be a violation of this Section 3(w).

x. No Investment Company. The Company is not, and upon the issuance and sale of the Securities as contemplated by this Agreement will not be an "investment company" required to be registered under the Investment Company Act of 1940 (an "Investment Company"). The Company is not controlled by an Investment Company.

y. Insurance. The Company and each of its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and its Subsidiaries are engaged. Neither the Company nor any such Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect. Upon written request the Company will provide to each Buyer true and correct copies of all policies relating to directors' and officers' liability coverage, errors and omissions coverage, and commercial general liability coverage.

z. Bad Actor. No officer or director of the Company would be disqualified under Rule 506(d) of the Securities Act as amended on the basis of being a "bad actor" as that term is established in the September 19, 2013 Small Entity Compliance Guide published by the SEC.

aa. Shell Status. The Company represents that it has previously been a "shell" issuer, but at least twelve (12) months have passed since the Company has reported Form 10 type information indicating that it is no longer a "shell" issuer. Further, the Company will instruct its counsel to either (i) write a 144- 3(a)(9) opinion to allow for salability of the Shares or (ii) not unreasonably reject such opinion from a Buyer's counsel.

bb. No-Off Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between the Company or any of its Subsidiaries and an unconsolidated or other off-balance sheet entity that is required to be disclosed by the Company in its 1934 Act filings and is not so disclosed or that otherwise could be reasonably likely to have a Material Adverse Effect.

cc. Manipulation of Price. The Company has not, and to its knowledge no one acting on its behalf has: (i) taken, directly or indirectly, any action designed to cause or to result, or that could reasonably be expected to cause or result, in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

dd. Sarbanes-Oxley Act. The Company and each Subsidiary is in material compliance with all applicable requirements of the Sarbanes-Oxley Act of 2002 that are effective as of the date hereof, and all applicable rules and regulations promulgated by the SEC thereunder that are effective as of the date hereof.

ee. Employee Relations. Neither the Company nor any of its Subsidiaries is a party to any collective bargaining agreement or employs any member of a union. The Company believes that its and its Subsidiaries' relations with their respective employees are good. No executive officer (as defined in Rule 501(f) promulgated under the 1933 Act) or other key employee of the Company or any of its Subsidiaries has notified the Company or any such Subsidiary that such officer intends to leave the Company or any such Subsidiary or otherwise terminate such officer's employment with the Company or any such Subsidiary. To the knowledge of the Company, no executive officer or other key employee of the Company or any of its Subsidiaries is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant, and the continued employment of each such executive officer or other key employee (as the case may be) does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all federal, state, local and foreign laws and regulations respecting labor, employment and employment practices and benefits, terms and conditions of employment and wages and hours, except where failure to be in compliance would not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

ff. Breach of Representations and Warranties by the Company. The Company agrees that if the Company breaches any of the representations or warranties set forth in this Section 3, and in addition to any other remedies available to the Buyers pursuant to this Agreement, the Company shall pay to the Buyers the Standard Liquidated Damages Amount in cash or in shares of Common Stock at the option of the Company, until such breach is cured. If the Company elects to pay the Standard Liquidated Damages Amounts in shares of Common Stock, such shares shall be issued at the price of $0.25 per share, subject to adjustment for stock splits and similar transactions.

4. COVENANTS.

a. Best Efforts. The parties shall use their commercially reasonable best efforts to satisfy timely each of the conditions described in Section 5 and 6 of this Agreement.

b. Form D; Blue Sky Laws. The Company agrees to file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof to each Buyer promptly after such filing. The Company shall, on or before the Closing Date and any Additional Closing date, as applicable, take such action as the Company shall reasonably determine is necessary to qualify the Securities for sale to the Buyers at the applicable closing pursuant to this Agreement under applicable securities or "blue sky" laws of the states of the United States (or to obtain an exemption from such qualification), and shall provide evidence of any such action so taken to each Buyer on or prior to such closing date.

c. Use of Proceeds. The Company shall use the proceeds from the sale of the Securities for working capital and other general corporate purposes and shall not, directly or indirectly, use such proceeds for any loan to or investment in any other corporation, partnership, enterprise or other person (except in connection with its currently existing direct or indirect Subsidiaries).

d. [RESERVED].

e. Financial Information. The Company agrees to send or make available the following reports to each Buyer until such Buyer transfers, assigns, or sells all of the Securities: within ten (10) days after the filing with the SEC, a copy of its Annual Report on Form 10-K its Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K; within one (1) day after release, copies of all press releases issued by the Company or any of its Subsidiaries; and contemporaneously with the making available or giving to the shareholders of the Company, copies of any notices or other information the Company makes available or gives to such shareholders. For the avoidance of doubt, filing the documents required in (i) above via EDGAR or releasing any documents set forth in (ii) above via a recognized wire service shall satisfy the delivery requirements of this Section 4(e).

f. Listing. The Company shall promptly secure the listing of the Shares upon each national securities exchange or automated quotation system, if any, upon which shares of Common Stock are then listed (subject to official notice of issuance) and, so long as any Buyer owns any of the Securities, shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all Shares. The Company will use commercial reasonable efforts to obtain and, so long as any Buyer owns any of the Securities, maintain the listing and trading of its Common Stock on the OTCBB, OTCQB, OTC Pink or any equivalent replacement exchange, the Nasdaq Global Market ("Nasdaq"), the Nasdaq Capital Market ("Nasdaq SmallCap"), the New York Stock Exchange ("NYSE"), or the NYSE American and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Financial Industry Regulatory Authority ("FINRA") and such exchanges, as applicable. The Company shall promptly provide to each Buyer copies of any material notices it receives from the OTCBB, OTCQB and any other exchanges or quotation systems on which the Common Stock is then listed regarding the continued eligibility of the Common Stock for listing on such exchanges and quotation systems. The Company shall pay any and all fees and expenses in connection with satisfying its obligation under this Section 4(f).

g. Furnishing of Information. Until the earlier of the time that (i) no Buyer owns Securities or (ii) the Common Warrants (or Exchange Warrants if they are issued in exchange for the Common Warrants) have expired, the Company will maintain the registration of the Common Stock under Section 12(b) or 12(g) of the 1934 Act and to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the 1934 Act even if the Company is not then subject to the reporting requirements of the 1934 Act, provided, that the Company may cease to comply with the provisions of this Section 4(g) in the event of a merger which results in a change of control of the Company or the sale of substantially all of the assets of the Company. If the Company breaches any provision of this Section 4(g) (a "Information Failure"), then, in addition to any other rights the Holders may have hereunder or under applicable law, on the date of such Information Failure and on each monthly anniversary of each such date (if the Information Failure shall not have been cured by such date) until the Information Failure is cured, the Company shall pay to each Buyer an amount in cash, as partial liquidated damages and not as a penalty, equal to the product of 1.0% multiplied by the aggregate Purchase Price paid by such Buyer pursuant to this Agreement, provided, that such fees shall not exceed 12.0% in the aggregate. If the Company fails to pay any partial liquidated damages pursuant to this Section 4(g) in full within seven days after the date payable, the Company will pay interest thereon at a rate of 18% per annum (or such lesser maximum amount that is permitted to be paid by applicable law) to the Buyer, accruing daily from the date such partial liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. The partial liquidated damages pursuant to the terms hereof shall apply on a daily pro rata basis for any portion of a month prior to the cure of an Information Failure. The Company shall not accrue such partial liquidated damages with respect to any period of time during which the Company is otherwise accruing partial liquidated damages under Section 2(d) of the Registration Rights Agreement.

h. No Integration. The Company shall not make any offers or sales of any security (other than the Securities) under circumstances that would require registration of the Securities being offered or sold hereunder under the 1933 Act or cause the offering of the Securities to be integrated with any other offering of securities by the Company for the purpose of any stockholder approval provision applicable to the Company or its securities.

i. Subsequent Equity Sales. From the date hereof until the twelve (12) month anniversary of the Closing Date, the Company shall be prohibited from effecting or entering into an agreement to effect any issuance by the Company or any of its Subsidiaries of Common Stock or Common Stock equivalents (or a combination of units thereof) involving a Variable Rate Transaction. "Variable Rate Transaction" means a transaction in which the Company (i) issues or sells any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive, additional shares of Common Stock either (A) at a conversion price, exercise price or exchange rate or other price that is based upon, and/or varies with, the trading prices of or quotations for the shares of Common Stock at any time after the initial issuance of such debt or equity securities or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock or (ii) enters into, or effects a transaction under, any agreement, including, but not limited to, an equity line of credit or an "at-the-market" facility, whereby the Company may issue securities at a future determined price; *provided, however*, that, the issuance of Common Stock in any Permitted Equity Line Facility shall not be deemed a Variable Rate Transaction. Any Buyer shall be entitled to obtain injunctive relief against the Company to preclude any such issuance, which remedy shall be in addition to any right to collect damages. "Permitted Equity Line Facility" means a "Future Offering" (as defined in the Securities Purchase Agreement dated July 6, 2022 among the Company and the buyers signatory thereto, as amended (the "Prior Notes SPA")) with respect to which the Company has followed the procedures required by the Right of First Refusal (as defined in the Prior Notes SPA), as set forth in Section 4(d) of the Prior Notes SPA.

j. Trading Activities. No Buyer nor its affiliates has an open short position (or other hedging or similar transactions) in the Common Stock of the Company and each Buyer agrees that it shall not, and that it will cause its affiliates not to, engage in any short sales of or hedging transactions with respect to the Common Stock of the Company.

k. Repricing of Securities. The Company shall not reprice equity securities held by employees of the Company to an effective price per share of Common Stock below $0.45, subject to adjustment for stock splits and similar transactions.

l. Legal Counsel Opinions. Upon the request of a Buyer from to time to time, the Company shall be responsible (at the Company's cost) for promptly (within two (2) business days from such Buyer's request) supplying to the Company's transfer agent and the requesting Buyer a customary legal opinion letter of its counsel (the "Legal Counsel Opinion") to the effect that the sale of Shares by such Buyer or its affiliates, successors and assigns is exempt from the registration requirements of the 1933 Act pursuant to Rule 144 (provided the requirements of Rule 144 are satisfied and provided the Shares are not then registered under the 1933 Act for resale pursuant to an effective registration statement); provided, however, that it is understood that such opinions will generally be provided by counsel selected by the Buyer and which need not be counsel to the Company.

m. Increase to Authorized Common Stock. In the event that following the earliest of (i) the closing of the Uplist (as defined in the Pre-Funded Warrants), (ii) the six-month anniversary of the Closing Date and (iii) the date that a registration statement registering any of the Warrant Shares or the Exchange Warrant Shares is declared effective, without taking into account the reservation obligation set forth in Section 5(d) of the Pre-Funded Warrants and the Common Warrants or a similar obligation set forth in the Exchange Warrants, there is not sufficient unreserved, authorized and unissued Common Stock available for the issuance of the shares of Common Stock issuable upon the exercise of the Pre-Funded Warrants, the Common Warrants or the Exchange Warrants, then the Company shall use its best efforts to hold a meeting of stockholders as soon as practicable for the purpose of obtaining the approval of its stockholders of a sufficient increase to the authorized common stock for such issuance and, if such approval is not obtained at the first such meeting, shall use its reasonable best efforts to hold subsequent meetings every 90 days until such approval is obtained.

n. Breach of Covenants. The Company agrees that if the Company breaches any of the covenants set forth in this Section 4, in addition to any other remedies available to the Buyers pursuant to this Agreement, the Company shall pay to each Buyer the Standard Liquidated Damages Amount in cash or in shares of Common Stock at the option of the Buyer, until such breach is cured. If a Buyer elects to receive the Standard Liquidated Damages Amounts in shares of Common Stock, such shares shall be issued at the price of $0.25 per share, subject to adjustment for stock splits and similar transactions.

o. Transfer Agent Instructions. The Company shall issue irrevocable instructions to its transfer agent to issue certificates, registered in the name of each Buyer or its nominee, for the Shares issued at Closing and at any Additional Closing, and for Warrant Shares in such amounts as specified from time to time by such Buyer to the Company upon exercise of the Warrants in accordance with the terms thereof (the "Irrevocable Transfer Agent Instructions") and the Company shall be responsible for all of the fees and expenses of the transfer agent related to the Securities, including any fees or expenses charged by the transfer agent to a Buyer hereunder. In the event that the Company proposes to replace its transfer agent, the Company shall provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to the this Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock as required by the Warrants) signed by the successor transfer agent to Company and the Company. Prior to registration of the Warrant Shares under the 1933 Act or the date on which the Warrant Shares may be sold pursuant to Rule 144 without any restriction as to the number of Securities as of a particular date that can then be immediately sold, all such certificates shall bear the restrictive legend specified in Section 2(g) of this Agreement. The Company warrants that: (i) no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section, and stop transfer instructions to give effect to Section 2(f) hereof (in the case of the Shares or Warrant Shares, prior to registration of the Shares or Warrant Shares under the 1933 Act or the date on which the Shares or Warrant Shares may be sold pursuant to Rule 144 without any restriction as to the number of Securities as of a particular date that can then be immediately sold), will be given by the Company to its transfer agent and that the Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the Warrants; (ii) it will not direct its transfer agent not to transfer or delay, impair, and/or hinder its transfer agent in transferring (or issuing) (electronically or in certificated form) any certificate for Shares or Warrant Shares to be issued to a Buyer upon exercise of or otherwise pursuant to the Warrants as and when required by the Warrants and this Agreement; and (iii) it will not fail to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate for any Shares or Warrant Shares issued to a Buyer upon Exercise of or otherwise pursuant to the Warrants as and when required by the Warrants and this Agreement. Nothing in this Section shall affect in any way a Buyer's obligations and agreement set forth in Section 2(g) hereof to comply with all applicable prospectus delivery requirements, if any, upon re-sale of the Securities. If a Buyer provides the Company, at the cost of the Company not to exceed $750, with (i) an opinion of counsel in form, substance and scope customary for opinions in comparable transactions, to the effect that a public sale or transfer of such Securities may be made without registration under the 1933 Act and such sale or transfer is effected or (ii) a Buyer provides reasonable assurances that the Securities can be and are being sold pursuant to Rule 144 (which reasonable assurances will be satisfied if a Buyer completes the certificate attached hereto as Exhibit E), the Company shall permit the transfer, and, in the case of the Shares and Warrant Shares, promptly instruct its transfer agent to issue one or more certificates, free from restrictive legend, in such name and in such denominations as specified by such Buyer. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyers, by vitiating the intent and purpose of the transactions contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section may be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section, that each Buyer shall be entitled, in addition to all other available remedies, to an injunction restraining any breach and requiring immediate transfer, without the necessity of showing economic loss and without any bond or other security being required.

p. Exchange Warrants. In the event that following the Uplist, without taking into account any reservation obligation set forth in the Exchange Warrants that is similar to the obligation set forth in Section 5(d) of the Pre-Funded Warrants, there is not sufficient unreserved, authorized and unissued Common Stock available for the issuance of the shares of Common Stock issuable upon the exercise of the Exchange Warrants, then, as between the Company and each Buyer, the Company's obligations in such Buyer's Exchange Warrants to have reserved and available from its authorized and unissued Common Stock sufficient shares to provide for such issuance of Exchange Warrant Shares upon such exercise shall be suspended to the extent that there is not sufficient unreserved, authorized and unissued Common Stock until the Company sufficiently increases its amount of authorized Common Stock; provided, that such suspension shall be for an amount of Exchange Warrant Shares that is proportionate among all of the Exchange Warrants then outstanding, taken together as a whole and after subtracting from available authorized Common Stock the maximum amount of reserves possible to provide for reserves for any Pre-Funded Warrants. In such event described in this paragraph, each Buyer shall not exercise or transfer any Exchange Warrants to such extent and until such increase in authorized Common Stock, and the Company and such Buyer shall work together in good faith to facilitate with the Transfer Agent the proper form of the issuance of the Exchange Warrants, such as by book entry, and proper transfer restrictions to ensure the Buyer's compliance with the first part of this sentence. Notwithstanding anything to the contrary in the Exchange Warrants or the Purchase Agreement, if the Company fails to meet the applicable reservation obligation set forth in the Exchange Warrants at any time on or after 120 days after the closing date of the Uplist, the Company shall pay to each Buyer, in cash, as liquidated damages and not as a penalty, provided that the Exchange Warrants are then "in-the-money", for each $1,000 of Exchange Warrant Shares that are able to be issued upon the exercise of the Exchange Warrants held by such Buyer, taking into account the operation of any provision that limits the issuance of Exchange Warrant Shares due to ownership similar to the restriction set forth in Section 2(e) of the Pre-Funded Warrant at such time, but are not at such time reserved (based on the VWAP (as defined in the Pre-Funded Warrant) of the Common Stock on the first Trading Day (as defined in the Pre-Funded Warrant) that such failure occurs), $5 per Trading Day for each Trading Day that such shares are not reserved. It is acknowledged that the Exchange Warrants will be issued pursuant to the exemption from registration provided by Section 3(a)(9) of the 1933 Act.

q. Transaction Expense Reimbursement. Upon the Closing, the Company shall reimburse (i) the Lead Investor (as identified in Schedule 4(q)) for an amount of $14,000.00 of the actual fees of outside legal counsel incurred by the Lead Investor for preparation of the Transaction Documents, which such amount shall (A) be offset from the Purchase Price payable by the Lead Investor in an amount of $10,000.00, and (B) paid by the Company to such counsel in an amount of $4,000.00 promptly after Closing, and (ii) the Major Investors (as identified in Schedule 4(q)) for an amount no greater than an aggregate of $5,000 of the actual fees of outside legal counsel incurred by the Major Investors for preparation of the Transaction Documents, which such amount shall be offset from the Purchase Price payable by the Major Investors, as allocated in Schedule 4(q).

r. Funding of Purchase Price. Each of the Buyers shall fund the Purchase Price directly to the Company via wire transfer per the wire instructions provided to the Buyers by the Company or its outside legal counsel on or about the date hereof.

s. True-Up. Upon the closing of the next underwritten public offering of Common Stock (a "Qualifying Offering") in which the effective offering price to the public per share of Common Stock (the "Qualifying Offering Price") is below $4.00 per share (subject to adjustment for stock splits and similar transactions) , the Company shall issue additional Pre-Funded Warrants in an amount reflecting a reduction in the purchase price paid for the Shares and Pre-Funded Warrants that equals the proportion by which the Qualifying Offering Price is less than $4.00. By way of illustration only, if the Qualifying Offering Price is 50% less than $4.00, then the Company shall issue to each Buyer additional Pre-Funded Warrants such that the total combined number of Shares and Pre-Funded Warrants (after giving effect to such true-up issuance) is equal to 200% of the aggregate amount of Shares and Pre-Funded Warrants originally purchased pursuant hereto, as set forth on such Buyer's signature page hereto.

t. Registration Rights. The Company shall file a registration statement in respect of the Shares and the Warrant Shares in accordance with the Registration Rights Agreement.

5. CONDITIONS PRECEDENT TO THE COMPANY'S OBLIGATIONS TO SELL. The obligation of the Company hereunder to issue and sell Shares and Warrants to a Buyer at the Closing is subject to the satisfaction, at or before the Closing Date of each of the following conditions thereto, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

a. Such Buyer shall have executed this Agreement and delivered the same to the Company.

b. Such Buyer shall have executed the Investor Representation and Suitability Questionnaire and delivered the same to the Company.

c. Such Buyer shall have delivered its respective portion of the Purchase Price in accordance with Section 1(a) above.

d. The representations and warranties of such Buyer shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date), and such Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by such Buyer at or prior to the Closing Date.

e. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

f. Such Buyer shall have executed a Lock-Up Agreement and delivered the same to the Company.

6. CONDITIONS PRECEDENT TO THE BUYER'S OBLIGATION TO PURCHASE.

a. The obligation of each Buyer hereunder to purchase Shares and Warrants at the Closing is subject to the satisfaction, at or before the Closing Date of each of the following conditions, provided that these conditions are for each Buyer's sole benefit and may be waived by a Buyer at any time in its sole discretion:

(i) The Company shall have executed one or more copies of this Agreement and delivered the same to each Buyer.

(ii) The Board of Directors of the Company shall have approved by Unanimous Written Consent (the "Consent") the transactions contemplated by this Agreement and the Company shall have delivered a copy of such fully executed Consent to each Buyer.

(iii) The Company shall have delivered to each Buyer its respective Shares and Warrants (in such denominations as such Buyer shall request) in accordance with Section 1(a) above.

(iv) The Company shall have delivered to the Buyers a duly executed copy of the Registration Rights Agreement.

(viii) The Company shall have delivered to each Buyer a customary opinion of counsel.

(ix) The Irrevocable Transfer Agent Instructions, in customary form and substance, shall have been delivered to and acknowledged in writing by the Company's Transfer Agent and a copy of such fully executed Irrevocable Transfer Agent Instructions shall have been delivered to each Buyer.

(x) The representations and warranties of the Company shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at such time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the Closing Date. Each Buyer shall have received a certificate or certificates, executed by the chief executive officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by such Buyer including, but not limited to certificates with respect to the Company's Certificate of Incorporation, By-laws and Board of Directors' resolutions relating to the transactions contemplated hereby.

(xi) No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

(xii) No event shall have occurred which could reasonably be expected to have a Material Adverse Effect on the Company including but not limited to a change in the 1934 Act reporting status of the Company or the failure of the Company to be timely in its 1934 Act reporting obligations.

(xiii) Trading in the Common Stock on the OTCBB, OTCQB or any similar quotation system shall not have been suspended by the SEC or the OTCBB, OTCQB, OTC Pink or any similar quotation system.

(xiv) Each Buyer shall have received an officer's certificate described in Section 3(c) above, dated as of the Closing Date.

7. GOVERNING LAW; MISCELLANEOUS.

a. Governing Law; Arbitration; Attorneys' Fees. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal Laws of the State of Nevada, without regard to the principles of conflicts of law thereof. Any disputes, claims, or controversies arising out of or relating to the Transaction Documents, or the transactions, contemplated thereby, or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall be referred to and resolved solely and exclusively by binding arbitration to be conducted before the Judicial Arbitration and Mediation Service ("JAMS"), or its successor pursuant the expedited procedures set forth in the JAMS Comprehensive Arbitration Rules and Procedures (the "Rules"), including Rules 16.1 and 16.2 of those Rules. The arbitration shall be held in New York, New York, before a tribunal consisting of three arbitrators each of whom will be selected in accordance with the "strike and rank" methodology set forth in Rule 15. Either party to this Agreement may, without waiving any remedy under this Agreement, seek from any federal or state court sitting in the State of New York any interim or provisional relief that is necessary to protect the rights or property of that party, pending the establishment of the arbitral tribunal. The costs and expenses of such arbitration shall be paid by and be the sole responsibility of the Company, including but not limited to each Buyer's attorneys' fees and each arbitrator's fees. The arbitrators' decision must set forth a reasoned basis for any award of damages or finding of liability. The arbitrators' decision and award will be made and delivered as soon as reasonably possibly and in any case within 60 days' following the conclusion of the arbitration hearing and shall be final and binding on the parties and may be entered by any court having jurisdiction thereof. If any party shall commence an Action to enforce any provisions of the Transaction Documents, then, in addition to the obligations of the Company elsewhere in this Agreement, the prevailing party in such Action shall be reimbursed by the non-prevailing party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Action.

b. Counterparts; Signatures by Facsimile. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

c. Construction; Headings. This Agreement shall be deemed to be jointly drafted by the Company and the Buyers and shall not be construed against any person as the drafter hereof. The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

d. Severability. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

e. Entire Agreement; Amendments; Waivers. This Agreement, the Warrants and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Buyers makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company, the Lead Investor and Buyers which purchased at least 50.0% plus $1.00, of the Securities based on Purchase Price paid hereunder or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought, provided that if any amendment, modification or waiver disproportionately and adversely impacts a Buyer (or group of Buyer), the consent of such disproportionately impacted Buyer (or group of Buyers) shall also be required. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition, or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right. Any proposed amendment or waiver that disproportionately, materially, and adversely affects the rights and obligations of any Buyer relative to the comparable rights and obligations of the other Buyers shall require the prior written consent of such adversely affected Buyer. Any amendment effected in accordance with this Section 7(e) shall be binding upon each Buyer and holder of Securities and the Company.

f. Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, email, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by email or facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Company, to:

Arch Therapeutics, Inc.
235 Walnut Street
Suite 6
Framingham, MA 01702
Attn:

If to a Buyer, to the address set forth on its respective signature page hereto.

Each party shall provide notice to the other party of any change in address.

g. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Neither the Company nor the any Buyer shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other. Notwithstanding the foregoing, subject to Section 2(f), a Buyer may assign its rights hereunder to any person that purchases Securities in a private transaction from such Buyer or to any of its "affiliates," as that term is defined under the 1934 Act, without the consent of the Company.

h. Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

i. Survival. The representations and warranties of the Company and the agreements and covenants set forth in this Agreement shall survive the closing hereunder not withstanding any due diligence investigation conducted by or on behalf of the Buyers. The Company agrees to indemnify and hold harmless each Buyer and all their officers, directors, employees and agents for loss or damage arising as a result of or related to any breach or alleged breach by the Company of any of its representations, warranties and covenants set forth in this Agreement or any of its covenants and obligations under this Agreement, including advancement of expenses as they are incurred.

j. Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

k. No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

l. Remedies. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyers by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Agreement will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Agreement, that each Buyer shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Agreement and to enforce specifically the terms and provisions hereof, without the necessity of showing economic loss and without any bond or other security being required.

m. Publicity. The Company, and each Buyer shall have the right to review a reasonable period of time before issuance of any press releases, SEC, OTCQB or FINRA filings, or any other public statements with respect to the transactions contemplated hereby; provided, however, that the Company shall be entitled, without the prior approval of the Buyer, to make any press release or SEC, OTCQB (or other applicable trading market) or FINRA filings with respect to such transactions as is required by applicable law and regulations (although the Buyer shall be consulted by the Company in connection with any such press release prior to its release and shall be provided with a copy thereof and be given an opportunity to comment thereon).

n. Indemnification. In consideration of each Buyer's execution and delivery of this Agreement and acquiring the Securities hereunder, and in addition to all of the Company's other obligations under this Agreement, the Company shall defend, protect, indemnify and hold harmless each Buyer and its stockholders, partners, members, officers, directors, employees and direct or indirect investors and any of the foregoing persons' agents or other representatives (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "Indemnitees") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "Indemnified Liabilities"), incurred by any Indemnitee as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Company in this Agreement or any other agreement, certificate, instrument or document contemplated hereby, (b) any breach of any covenant, agreement or obligation of the Company contained in this Agreement or any other agreement, certificate, instrument or document contemplated hereby or (c) any cause of action, suit or claim brought or made against such Indemnitee by a third party (including for these purposes a derivative action brought on behalf of the Company) and arising out of or resulting from (i) the execution, delivery, performance or enforcement of this Agreement or any other agreement, certificate, instrument or document contemplated hereby, (ii) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of the issuance of the Securities, or (iii) the status of the Buyers or holder of the Securities as an investor in the Company pursuant to the transactions contemplated by this Agreement. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities that is permissible under applicable law.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed as of the date first above written.

ARCH THERAPEUTICS, INC.

By: _____
Name:
Title:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE(S) FOR BUYER(S) FOLLOW]

BUYER SIGNATURE PAGES TO SECURITIES PURCHASE AGREEMENT

IN WITNESS WHEREOF, the undersigned have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first written above.

Name of Buyer:

Signature of Authorized Signatory of Buyer: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Subscription Amount/Aggregate Purchase Price: $_____

Amount of Shares: _____

Price per Share: $0.275

Purchase Price for Shares: $_____

Amount of Pre-Funded Warrants: _____

Price per Pre-Funded Warrant: $0.274

Purchase Price for Pre-Funded Warrants: $_____

Amount of Common Warrants: _____

Address for notices:

EIN/Tax ID: _____

[SIGNATURE PAGES CONTINUE]

Schedule 4(q)

The "Lead Investor" is [***].

Major Investors:

- [***] - $5,000

Exhibit A

Form of Pre-Funded Warrant

See attached.

Exhibit B

Form of Common Warrant

See attached.

Exhibit C

Form of Registration Rights Agreement

See attached.

Exhibit D

Form of Lock-Up Agreement

See attached.

Exhibit E

LEGEND REMOVAL CERTIFICATE

The undersigned stockholder (the "**Stockholder**") of ARCH THERAPEUTICS, INC., a Nevada corporation (the "**Company**"), is delivering this certificate to the Company in connection with the Stockholder's request to remove the transfer restriction legends under the Securities Act of 1933, as amended (the "**Securities Act**"), from certificates or book-entry notations issued in the Stockholder's name with respect to the number shares of the common stock, par value $0.001 per share, of the Company set forth under the Stockholder's name on the signature page hereof (the "Shares").

A. The Stockholder hereby represents and warrants to the Company that the Stockholder is sophisticated in financial matters and is familiar with the registration requirements under the Securities Act and Rule 144 thereunder. If the Stockholder is an investment fund, the Stockholder's chief compliance officer (or the chief compliance officer of the general partner, manager or other entity which manages the Stockholder) has reviewed this certificate and is aware that the Stockholder will be executing and delivering this certificate to the Company and undertaking the obligations set forth herein.

B. The Stockholder hereby covenants to the Company that:

1. The Stockholder will transfer the Shares only:
   (a) pursuant to an effective resale registration statement covering the Stockholder's resale of the Shares, which includes a prospectus that is current, and in the manner contemplated by such registration statement, including the "Plan of Distribution" contained therein, provided that the Stockholder has not received oral or written notice from the Company or its counsel that use of the prospectus is suspended or that the prospectus otherwise may not be used for transfers of the Shares;

   (b) pursuant to Rule 144 under the Act; or

   (c) otherwise in accordance with the Securities Act, provided that the Stockholder provides the Company with advance notice of such transfer and an opinion of counsel that the proposed transfer is in compliance with the Securities Act.

2. The Stockholder acknowledges that because the Company was formerly a shell company, it is an entity subject to the restrictions set forth in Rule 144(i)(1)(i) and, accordingly, the availability of Rule 144 is expressly conditioned on the Company having complied with the public information requirements set forth in Rule 144(i)(2). As a result, prior to effecting any sale of the Shares pursuant to Rule 144, the Stockholder will confirm that Rule 144 is available at the time of such sale.

3. The Stockholder will provide the Company with any update to the Stockholder's contact information set forth on the signature page hereof for purposes of any notification to be delivered to the Stockholder relating hereto.

[*Signature page follows*]

The Stockholder acknowledges and agrees that its legal counsel and the Company's legal counsel are each authorized to rely on this certificate for purposes of preparing and delivering any legal opinion(s) required in connection with the removal of the transfer restriction legends from the Shares and the Company's transfer agent is authorized to rely on this certificate in connection with the removal of the transfer restriction legends from the Shares.

Very truly yours,

Name of Stockholder: _____

Signature: _____

Name of Signatory: _____

Title of Signatory: _____

Date: _____

Address: _____

E-mail address: _____

Tax Identification Number: _____

Number of Shares for Legend Removal: _____

Share Certificate or Book Entry Information: _____

Exhibit 10.25

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "**Agreement**") is made and entered into as of July 7, 2023, between Arch Therapeutics, Inc., a Nevada Corporation (the "**Company**"), and each of the several purchasers signatory hereto (each such purchaser, a "**Purchaser**" or "**Holder**" and, collectively, the "**Purchasers**").

This Agreement is made pursuant to the Securities Purchase Agreement, dated as of July 7, 2023 between the Company and each Purchaser (the "**Purchase Agreement**").

In consideration of the premises, the mutual provisions of this Agreement, and other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, Company and Purchaser agree as follows:

Section 1. Definitions. Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Advice" shall have the meaning set forth in Section 5(d).

"Business Day" means any day except Saturday, Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New of are authorized or required by law or other governmental action to close. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

"Commission" means the Securities and Exchange Commission.

"Conversion Warrant(s)" means the "Pre-Funded Warrants" (as defined in the Prior Notes) that are issued at any time under the Prior Notes in connection with the "Automatic Conversion" (as defined in the Prior Notes) thereunder.

"Conversion Warrant Shares" means the shares of Common Stock issued or issuable upon exercise of the Conversion Warrants.

"Effectiveness Deadline" means, with respect to the Initial Registration Statement required to be filed hereunder, the 60th calendar day following the date of its filing and with respect to any additional Registration Statements which may be required pursuant to Section 2(c), the 60th calendar day following the date on which an additional Registration Statement is required to be filed hereunder; provided, however, that in the event the Company is notified by the Commission that one or more of the above Registration Statements will not be reviewed or is no longer subject to further review and comments, the Effectiveness Deadline as to such Registration Statement shall be the fifth Trading Day following the date on which the Company is so notified if such date precedes the dates otherwise required above, provided, further, if such Effectiveness Deadline falls on a day that is not a Trading Day, then the Effectiveness Deadline shall be the next succeeding Trading Day.

"Effectiveness Period" shall have the meaning set forth in Section 2(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Warrant(s)" shall have the same meaning set forth in the Purchase Agreement

"Exchange Warrant Shares" means the shares of Common Stock issued or issuable upon exercise of the ExchangeWarrants.

"Filing Deadline" means: (i) with respect to the Initial Registration Statement, the earlier of (A) the date that is 30 days following the closing date of the Uplist, and (B) the 60th calendar day following the date of this Agreement, and (ii) with respect to any additional Registration Statements which may be required pursuant to Section 2(c), the earliest practical date on which the Company is permitted by SEC Guidance to file such additional Registration Statement related to the Registrable Securities.

"Holder" or "**Holders**" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"Indemnified Party" shall have the meaning set forth in Section 7(c).

"Indemnifying Party" shall have the meaning set forth in Section 7(c).

"Initial Registration Statement" means the initial Registration Statement filed pursuant to Section 2(a) of this Agreement.

"Losses" shall have the meaning set forth in Section 7(a).

"Prior Notes" means all "Notes" as defined in that certain Omnibus Amendment to Notes and Warrants dated on or about the date hereof among the Company and certain holders of such "Notes", as the same may be amended from time to time (including the amendments thereto entered into on or about the date hereof).

"Prospectus" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated by the Commission pursuant to the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Securities" means, as of any date of determination: (a) all of the Shares then issued; (b) all of the Warrant Shares then issued and issuable upon exercise in full of the Warrants; (c) all of the Exchange Warrant Shares then issued and issuable upon exercise in full of the Exchange Warrants, (d) all of the Conversion Warrant Shares then issued and issuable upon exercise in full of the Conversion Warrants, and (e) any securities issued or then issuable upon any antidilution provisions, stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing; provided, however, that any such securities shall cease to be Registrable Securities (and the Company shall not be required to maintain the effectiveness of any, or file another, Registration Statement hereunder with respect thereto) for so long as: (i) a Registration Statement with respect to the sale of such Registrable Securities is declared effective by the Commission under the Securities Act and such Registrable Securities have been disposed of by the Holder in accordance with such effective Registration Statement, (ii) such Registrable Securities have been sold in accordance with Rule 144 and the Company has delivered certificates representing such securities that no longer bear a legend and/or for which the Transfer Agent has not instituted a stop order restricting further transfer, or (iii) such securities become eligible for resale without volume or manner-of-sale restrictions and without current public information pursuant to Rule 144 as set forth in a written opinion letter to such effect, addressed, delivered and acceptable to the Transfer Agent and the affected Holders (assuming that such securities and any securities issuable upon exercise or conversion of which, or as a dividend upon which, such securities were issued or are issuable, were at no time held by any Affiliate of the Company, as reasonably determined by the Company, upon the advice of counsel to the Company).

"Registration Statement" means any registration statement required to be filed hereunder pursuant to Section 2(a) or Section 3 and any additional registration statements contemplated by Section 2(c), including (in each case) the Prospectus, amendments and supplements to any such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in any such registration statement.

"Rule 144" means Rule 144 promulgated by the Commission under the 1933 Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the Commission that may at any time permit the Holders to sell securities of the Company to the public without registration.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission providing for offering securities on a continuous or delayed basis.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Selling Stockholder Questionnaire" shall have the meaning set forth in Section 5(a).

"SEC Guidance" means: (i) any publicly-available written or oral guidance of the Commission staff, or any comments, requirements or requests of the Commission staff; and (ii) the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended.

"Trading Day" means a day on which the principal national securities exchanges on which the Registrable Securities is listed or admitted to trading, are open for the transaction of business or, if the Registrable Securities are not listed or admitted to trading on any national securities exchange, a Business Day.

"Uplist" means the public offering of Common Stock pursuant to a registration statement on Form S-1 (the '**Uplist S-1**") that results in the listing of the Common Stock on any of the Nasdaq Global Market, Nasdaq Capital Market, New York Stock Exchange, or NYSE American.

"Warrant(s)" shall have the same meaning set forth in the Purchase Agreement

"Warrant Shares" means the shares of Common Stock issued or issuable upon exercise of the Warrants.

Section 2. Required Registration.

(a) In the event that all or any portion of the Registrable Securities are unable to be included on the Uplist S-1, the Company shall prepare and, as soon as practicable, but in no event later than the Filing Deadline, file with the Commission a Registration Statement covering the resale of all of the Registrable Securities that are unable to be included on the Uplist S-1 (the "**Initial Registration Statement**"); provided that should any event following the date hereof result in the maximum number of shares of Common Stock issuable upon exercise of the Warrants, Exchange Warrants or Conversion Warrants being increased because of the application of any provisions thereof, the Company shall promptly file an amendment to the Initial Registration Statement providing for registration of such additional shares. Subject to the terms of this Agreement, the Company shall cause each Registration Statement required to be filed under this Agreement to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event no later than the applicable Effectiveness Deadline, and shall keep such Registration Statements continuously effective under the Securities Act until the earlier of: (i) the date that all Registrable Securities covered by such Registration Statement no longer constitute Registrable Securities, or (ii) the two year anniversary of the date of this Agreement (the "**Effectiveness Period**"). The Company shall telephonically request effectiveness of a Registration Statement as of 5:00 p.m. Eastern Time on a Trading Day. The Company shall promptly notify the Holders via facsimile or by e-mail of the effectiveness of a Registration Statement on the same Trading Day that the Company telephonically confirms effectiveness with the Commission, which shall be the date requested for effectiveness of such Registration Statement. The Company shall, by 9:30 a.m. Eastern Time on the Trading Day after the effective date of such Registration Statement, file a final Prospectus with the Commission as required by Rule 424.

Notwithstanding anything contained herein to the contrary, the Company shall use its reasonable best efforts to include in the Uplist S-1 all, or as much as possible, of the Registrable Securities.

(b) Notwithstanding the registration obligations set forth in Section 2(a), if the Commission informs the Company that all of the Registrable Securities cannot, as a result of the application of Rule 415, be registered for resale as a secondary offering on a single registration statement, the Company agrees to promptly inform each of the Holders thereof and use its reasonable best efforts to file amendments to the Initial Registration Statement as required by the Commission, covering the maximum number of Registrable Securities permitted to be registered by the Commission, on such form available to register for resale the Registrable Securities as a secondary offering, subject to the provisions of Section 2(e); with respect to filing on such appropriate form; provided, however, that prior to filing such amendment, the Company shall be obligated to use diligent efforts to advocate with the Commission for the registration of all of the Registrable Securities in accordance with the SEC Guidance, including without limitation, Compliance and Disclosure Interpretation 612.09 of the Commission.

(c) Notwithstanding any other provision of this Agreement, if the Commission or any SEC Guidance sets forth a limitation on the number of Registrable Securities permitted to be registered on a particular Registration Statement as a secondary offering (and notwithstanding that the Company used diligent efforts to advocate with the Commission for the registration of all or a greater portion of Registrable Securities), unless otherwise: (i) directed in writing by a Holder as to its Registrable Securities, or (ii) directed by the Commission as to the limitations or restrictions that it would require, the number of Registrable Securities to be registered on such Registration Statement will be reduced as follows:

a. First, the Company shall reduce or eliminate any securities to be included by any Person other than a Holder;

b. Second, the Company shall reduce or eliminate Registrable Securities contemplated by clause (d) of the definition of Registrable Securities (applied, in the case that only some such Registrable Securities may be registered, to the Holders on a pro rata basis based on the total number of such unregistered Registrable Securities held by such Holders);

c. Third, the Company shall reduce Registrable Securities represented by Exchange Warrant Shares (applied, in the case that some Exchange Warrant Shares may be registered, to the Holders on a pro-rata basis based on the total number of unregistered Exchange Warrant Shares held by such Holders);

d. Fourth, the Company shall reduce Registrable Securities represented by Conversion Warrant Shares (applied, in the case that some Conversion Warrant Shares may be registered, to the Holders on a pro-rata basis based on the total number of unregistered Conversion Warrant Shares held by such Holders);

e. Fifth, the Company shall reduce or eliminate Registrable Securities represented by Warrant Shares (applied, in the case that some Warrant Shares may be registered, to the Holders on a pro-rata basis based on the total number of unregistered Warrant Shares held by such Holders); and

e. Sixth, the Company shall reduce Registrable Securities represented by Shares (applied, in the case that some Shares may be registered, to the Holders on a pro-rata basis based on the total number of unregistered Shares held by such Holders); and

In the event of a cutback hereunder, the Company shall give the Holder at least five (5) Trading Days prior written notice along with the calculations as to such Holder's allotment. In the event the Company amends the Initial Registration Statement in accordance with the foregoing, or determines to file an additional Registration Statement, the Company will use its reasonable best efforts to file with the Commission, as promptly as allowed by Commission or SEC Guidance provided to the Company or to registrants of securities in general, one or more Registration Statements on such other form available to register for resale those Registrable Securities that were not registered for resale on the Initial Registration Statement, as amended, as a result of any cutback of Registrable Securities of the Holders or any Registrable Securities not included in the Initial Registration Statement. In any additional Registration Statement filed because of a cutback in the number of Registrable Securities included in the Initial Registration Statement, all holders of shares of Common Stock included in such additional Registration Statement shall be subject to any additional cutbacks that may be required by the Commission on a *pro rata* basis.

(d) If less than all Registrable Securities are included in the Uplist S-1, then if: (i) the Initial Registration Statement is not filed on or prior to its Filing Deadline, or (ii) the Company fails to file with the Commission a request for acceleration of a Registration Statement in accordance with Rule 461 promulgated by the Commission pursuant to the Securities Act, within five (5) Trading Days of the date that the Company is notified (orally or in writing, whichever is earlier) by the Commission that such Registration Statement will not be "reviewed" or will not be subject to further review, or (iii) prior to the effective date of a Registration Statement, the Company fails to file a pre-effective amendment and otherwise respond in writing to comments made by the Commission in respect of such Registration Statement within fourteen (14) calendar days after the receipt of comments by or notice from the Commission that such amendment is required in order for such Registration Statement to be declared effective, or (iv) a Registration Statement registering for resale all of the Registrable Securities (other than any Registrable Securities that were not registered for resale on the Initial Registration Statement as a result of any cutback of Registrable Securities of the Holders required by the Commission or SEC Guidance, as described in Section 2(c)) is not declared effective by the Commission by the Effectiveness Deadline of the Initial Registration Statement, or (v) after the effective date of a Registration Statement, such Registration Statement ceases for any reason to remain continuously effective as to all Registrable Securities included in such Registration Statement, or the Holders are otherwise not permitted to utilize the Prospectus therein to resell such Registrable Securities, for more than twenty (20) consecutive calendar days or more than an aggregate of forty-five (45) calendar days (which need not be consecutive calendar days) during any 12-month period or (vi) any additional Registration Statement which may be required pursuant to Section 2(c) is not filed on or prior to its Filing Deadline (any such failure or breach being referred to as an "**Event**", and for purposes of clauses (i), (iv) and (vi), the date on which such Event occurs, and for purpose of clause (ii) the date on which such five (5) Trading Day period is exceeded, and for purpose of clause (iii) the date which such twenty (20) calendar day period is exceeded, and for purpose of clause (v) the date on which such twenty (20) or forty-five (45) calendar day period, as applicable, is exceeded being referred to as "**Event Date**"), then, in addition to any other rights the Holders may have hereunder or under applicable law, on each such Event Date and on each monthly anniversary of each such Event Date (if the applicable Event shall not have been cured by such date) until the applicable Event is cured, the Company shall pay to each Holder an amount in cash, as partial liquidated damages and not as a penalty, equal to the product of 1.0% multiplied by the aggregate Purchase Price paid by such Holder pursuant to the Purchase Agreement, provided, that such fees shall not exceed 12.0% in the aggregate. If the Company fails to pay any partial liquidated damages pursuant to this Section in full within seven days after the date payable, the Company will pay interest thereon at a rate of 18% per annum (or such lesser maximum amount that is permitted to be paid by applicable law) to the Holder, accruing daily from the date such partial liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. The partial liquidated damages pursuant to the terms hereof shall apply on a daily pro rata basis for any portion of a month prior to the cure of an Event.

Section 3. Company Obligations. In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than five (5) Trading Days prior to the filing of each Registration Statement and not less than two (2) Trading Days prior to the filing of any related Prospectus or any amendment or supplement thereto and shall use its commercially reasonable efforts to include any document that would be incorporated or deemed to be incorporated therein by reference, the Company shall: (i) furnish to each Holder copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) will be subject to the review of such Holders, and (ii) cause its officers and directors, counsel and independent registered public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Holder, to conduct a reasonable investigation within the meaning of the Securities Act. Notwithstanding the above, the Company shall not be obligated to provide the Holders advance copies of any universal shelf registration statement registering securities in addition to those required hereunder, or any Prospectus prepared thereto.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to a Registration Statement and the Prospectus used in connection therewith as may be necessary to keep a Registration Statement continuously effective as to the applicable Registrable Securities for the Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities, (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and, as so supplemented or amended, to be filed pursuant to Rule 424, (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to a Registration Statement or any amendment thereto, and (iv) comply in all material respects with the applicable provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by a Registration Statement during the applicable period in accordance (subject to the terms of this Agreement) with the intended methods of disposition by the Holders thereof set forth in such Registration Statement as so amended or in such Prospectus as so supplemented.

(c) If during the Effectiveness Period, the number of Registrable Securities at any time exceeds 105% of the number of shares of Common Stock then registered in a Registration Statement, then the Company shall file as soon as reasonably practicable, but in any case, prior to the applicable Filing Deadline, an additional Registration Statement covering the resale by the Holders of not less than the number of such Registrable Securities.

(d) Notify the Holders of Registrable Securities to be sold (which notice shall, pursuant to clauses (iii) through (vi) hereof, be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) as promptly as reasonably possible: (i) (A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement has been filed; (B) when the Commission notifies the Company whether there will be a "review" of such Registration Statement; and (C) with respect to a Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the Commission or any other federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information, in each case, after the such Registration Statement has been declared effective, (iii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose, (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose, (v) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in a Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to a Registration Statement, Prospectus or other documents so that, in the case of a Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (vi) of the occurrence or existence of any pending corporate development with respect to the Company that the Company believes may be material and that, in the determination of the Company, makes it not in the best interest of the Company to allow continued availability of a Registration Statement or Prospectus, provided, however, in no event shall any such notice contain any information which would constitute material, non-public information regarding the Company or any of its Subsidiaries.

(e) Use its reasonable best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order stopping or suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(f) Furnish to each Holder, without charge, at least one conformed copy of each such Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference to the extent requested by such Person, and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission; provided, that any such item which is available on the EDGAR system (or successor thereto) need not be furnished. Subject to the terms of this Agreement, the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the Company has given notice pursuant to Section 4(d).

(g) The Company shall cooperate with any broker-dealer through which a Holder proposes to resell its Registrable Securities in effecting a filing with the FINRA Corporate Financing Department pursuant to FINRA Rule 5110, as requested by any such Holder.

(h) Prior to any resale of Registrable Securities by a Holder, use its reasonable best efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the Registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement; provided, that, the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(i) If requested by a Holder, cooperate with such Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to a Registration Statement, which certificates shall be free, to the extent permitted by the Purchase Agreement, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holder may request.

(j) Upon the occurrence of any event contemplated by clause (v) or (vi) of Section 4(d), as promptly as reasonably possible under the circumstances taking into account the Company's good faith assessment of any adverse consequences to the Company and its stockholders of the premature disclosure of such event, prepare a supplement or amendment, including a post-effective amendment, to a Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither a Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with clauses (iii) through (vi) of Section 4(d) above to suspend the use of any Prospectus until the requisite changes to such Prospectus have been made, then the Holders shall suspend use of such Prospectus. The Company will use its reasonable best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable.

(k) Comply with all applicable rules and regulations of the Commission.

(l) The Company may require each selling Holder to furnish to the Company a certified statement as to the number of shares of Common Stock beneficially owned by such Holder and, if required by the Commission, the natural persons thereof that have voting and dispositive control over the shares. During any periods that the Company is unable to meet its obligations hereunder with respect to the registration of the Registrable Securities solely because any Holder fails to furnish such information within three Trading Days of the Company's request, any liquidated damages that are accruing at such time shall be tolled and any Event that may otherwise occur solely because of such delay shall be suspended until such information is delivered to the Company.

Section 4. Obligations of the Holders.

(a) Each Holder agrees to furnish to the Company a completed questionnaire in the form attached to this Agreement as **Appendix A** (a "**Selling Stockholder Questionnaire**") on a date that is not less than ten (10) days prior to the Filing Deadline or by the end of the fourth (4th) Trading Day following the date on which such Holder receives draft materials in accordance with Section 2(a). Each Holder shall furnish in writing to the Company such additional information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it, and shall execute such documents in connection with such registration, as shall be reasonably required to effect the registration of such Registrable Securities. A Holder shall provide such information to the Company at least two (2) Business Days prior to the first anticipated filing date of such Registration Statement if such Holder elects to have any of the Registrable Securities included in the Registration Statement. The Company shall not be required to include the Registrable Securities of a Holder in a Registration Statement, and no Event shall be deemed to occur and or continue solely as a result of the failure to include the Registrable Securities of such Holder in the Registration Statement, if such Holder fails to furnish to the Company a fully completed Selling Stockholder Questionnaire at least two (2) Business Days prior to the Filing Deadline.

(b) Each Holder agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of a Registration Statement hereunder, unless such Holder has notified the Company in writing of its election to exclude all of its Registrable Securities from such Registration Statement.

(c) Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it (unless an exemption therefrom is available) in connection with sales of Registrable Securities pursuant to a Registration Statement.

(d) Each Holder agrees that, upon receipt of any notice from the Company of the happening of an event pursuant to Section 3(d)(iii) - (vi) hereof, such Holder will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities, until it is advised in writing (the "**Advice**") by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use its reasonable best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable.

Section 5. Registration Expenses. All fees and expenses incident to the performance of or compliance with, this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses of the Company's counsel and independent registered public accountants) (A) with respect to filings made with the Commission, (B) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed for trading, and (C) in compliance with applicable state securities or Blue Sky laws reasonably agreed to by the Company in writing (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable Securities), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities), (iii) messenger, telephone and delivery expenses of the Company, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any broker or similar commissions of any Holder or, except to the extent provided for in the Transaction Documents, any legal fees or other costs of the Holders.

Section 6. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, members, partners, agents, brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of Common Stock), investment advisors and employees of the Company, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, members, stockholders, partners, agents, investment advisors and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "**Losses**"), as incurred, arising out of or relating to: (i) any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, or (ii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except to the extent, but only to the extent, that (A) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein (it being understood that such information shall only consist of the name of the Holder, the number of offered shares (excluding percentages), the address and other information with respect to the Holder and the information included on **Appendix A** hereto, each only to the extent which such information appears in an effective Registration Statement or any Prospectus), or (B) in the case of an occurrence of an event of the type specified in Section 4(d)(iii)-(vi), the use by such Holder of an outdated, defective or otherwise unavailable Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated, defective or otherwise unavailable for use by such Holder and prior to the receipt by such Holder of the Advice contemplated in Section 5(d). The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding arising from or in connection with the transactions contemplated by this Agreement of which the Company is aware. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified person and shall survive the transfer of any Registrable Securities by any of the Holders in accordance with Section 7(e).

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based solely upon: (i) such Holder's failure to comply with any applicable prospectus delivery requirements of the Securities Act through no fault of the Company, or (ii) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company expressly for inclusion in such Registration Statement or such Prospectus (it being understood that such information shall only consist of the name of the Holder, the number of offered shares (excluding percentages), the address and other information with respect to the Holder and the information included on **Appendix A** hereto, each only to the extent which such information appears in an effective Registration Statement or any Prospectus), such Prospectus or in any amendment or supplement thereto or (iii) in the case of an occurrence of an event of the type specified in Section 4(d)(iii)-(vi), to the extent, but only to the extent, related to the use by such Holder of an outdated, defective or otherwise unavailable Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated, defective or otherwise unavailable for use by such Holder and prior to the receipt by such Holder of the Advice contemplated in Section 5(d). In no event shall the liability of any selling Holder under this Section 7(b) be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation, except in the case of fraud or willful misconduct by such Holder.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "**Indemnified Party**"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "**Indemnifying Party**") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all reasonable fees and expenses incurred in connection with defense thereof; provided, that, the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have materially and adversely prejudiced the Indemnifying Party. An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses, (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding, or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and counsel to the Indemnified Party shall reasonably believe that a material conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of no more than one separate counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding. Subject to the terms of this Agreement, all reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within thirty (30) calendar days of written notice thereof to the Indemnifying Party; provided, that, the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) not to be entitled to indemnification hereunder.

(d) Contribution. If the indemnification under Section 7(a) or 7(b) is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 7(d), no Holder shall be required to contribute pursuant to this Section 7(d), in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(e) The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

Section 7. Miscellaneous.

(a) Remedies. In the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. Each of the Company and each Holder agrees that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(b) Prohibition on Filing Other Registration Statements. The Company shall not, other than as provided in the Purchase Agreement, file any other registration statements (specifically excluding a registration statement on Form S-8) until all Registrable Securities are registered pursuant to a Registration Statement that is declared effective by the Commission, provided that this Section 8(b) shall not prohibit the Company from filing amendments to registration statements filed prior to the date of this Agreement and shall not prohibit the Company from filing a registration statement for a primary offering by the Company, provided that the Company makes no offering of securities pursuant to such registration statement prior to the effective date of the Registration Statement required hereunder that includes all of the Registrable Securities.

(c) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders of 51% or more of the then outstanding Registrable Securities (for purposes of clarification, this includes any Registrable Securities issuable upon exercise or conversion of any Security). If a Registration Statement does not register all of the Registrable Securities pursuant to a waiver or amendment done in compliance with the previous sentence, then the number of Registrable Securities to be registered for each Holder shall be reduced pro rata among all Holders and each Holder shall have the right to designate which of its Registrable Securities shall be omitted from such Registration Statement. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of a Holder or some Holders and that does not directly or indirectly affect the rights of other Holders may be given only by such Holder or Holders of all of the Registrable Securities to which such waiver or consent relates; provided, however, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the first sentence of this Section 8(c). No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration also is offered to all of the parties to this Agreement.

(d) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Purchase Agreement.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign (except by merger) its rights or obligations hereunder without the prior written consent of all of the Holders of the then outstanding Registrable Securities. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under the Purchase Agreement.

(f) [Intentionally Omitted]

(g) Execution and Counterparts. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

(h) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined in accordance with the provisions of the Purchase Agreement.

(i) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any other remedies provided by law.

(j) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(k) Headings. The headings in this Agreement are for convenience only, do not constitute a part of the Agreement and shall not be deemed to limit or affect any of the provisions hereof.

(o) Independent Nature of Holders' Obligations and Rights. The obligations of each Holder hereunder are several and not joint with the obligations of any other Holder hereunder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Holder pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Holders are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by this Agreement or any other matters, and the Company acknowledges that the Holders are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or transactions. Each Holder shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose. The use of a single agreement with respect to the obligations of the Company contained was solely in the control of the Company, not the action or decision of any Holder, and was done solely for the convenience of the Company and not because it was required or requested to do so by any Holder. It is expressly understood and agreed that each provision contained in this Agreement is between the Company and a Holder, solely, and not between the Company and the Holders collectively and not between and among Holders.

****

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

ARCH THERAPEUTICS, INC.

By: _____
Name:
Title:

[Signature Page of Holders Follows]

Name of Holder: _____

Signature of Authorized Signatory of Holder: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

[Signature Pages Continue]

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) OR 15D-14(A) UNDER THE SECURITIES AND EXCHANGE ACT OF 1934

I, Terrence W. Norchi, certify that:

1.I have reviewed this Form 10-Q of Arch Therapeutics, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2023

/s/ TERRENCE W. NORCHI, MD
Name: *Terrence W. Norchi, MD*
Title: *President and Chief Executive Officer*
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) OR 15D-14(A) UNDER THE SECURITIES AND EXCHANGE ACT OF 1934

I, Michael S. Abrams, certify that:

1.I have reviewed this Form 10-Q of Arch Therapeutics, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2023

/s/ MICHAEL S. ABRAMS
Name: Michael S. Abrams
Title: *Chief Financial Officer*
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION REQUIRED BY
SECTION 1350 OF TITLE 18 OF THE UNITED STATES CODE

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Arch Therapeutics, Inc. (the "*Company*") certify that the quarterly report of the Company on Form 10-Q for the fiscal quarter ended June 30, 2023 fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2023

/s/ TERRENCE W. NORCHI, MD
Name: Terrence W. Norchi, MD
Title: *President and Chief Executive Officer*
(Principal Executive Officer)

Date: August 11, 2023

/s/ MICHAEL S. ABRAMS
Name: Michael S. Abrams
Title: *Chief Financial Officer*
(Principal Financial and Accounting Officer)

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.