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Arch Therapeutics Announces Closing of \$6.9 Million Private Placement

AC5® Advanced Wound System Commercialization Has Commenced

FRAMINGHAM, Mass., Feb. 18, 2021 (GLOBE NEWSWIRE) -- Arch Therapeutics, Inc. (OTCQB: ARTH) (“Arch” or the “Company”), developer of novel self-assembling wound care and biosurgical devices, today announced it has closed on the previously announced private placement of 43,125,004 shares of its common stock and warrants to purchase up to an aggregate of 32,343,753 shares of common stock, at a combined purchase price of \$0.16 per share of common stock and associated warrant in a private placement. The gross proceeds to Arch from the private placement before deducting underwriting commissions and other offering expenses payable by Arch is \$6.9 million.

H.C. Wainwright & Co. acted as the exclusive placement agent for the offering.

The warrants have an exercise price of \$0.17 per share, are exercisable immediately and have a term of 5.5 years.

The Company currently intends to use the net proceeds from the offering to expand and accelerate commercialization efforts, manufacture/produce additional finished inventory, and advance pipeline programs.

Terrence W. Norchi, MD, President and Chief Executive Officer of Arch, stated, “This is a pivotal year for Arch. We appreciate the enthusiastic support of both our long-standing current investors and our new institutional investors. We look forward to advancing our commercially available Dermal Sciences products as well as our pipeline stage Biosurgery products, which we believe hold tremendous potential.”

The Company has recently announced commencement of commercial sales of AC5® Advanced Wound System, its first product in the United States. The Company also recently executed an agreement with Buffalo Supply, Inc. to be the distributor of products sold to United States government channels.

Dr. Norchi added, “With inventory in possession and a distributor engaged to support sales to government facilities with support from independent sales representatives, we believe we are better positioned to commercialize AC5 Advanced Wound System to meet the underserved wound care markets.”

Dr. Norchi further noted, “The impact of the COVID-19 pandemic in 2020 on the capacity of hospitals and surgeons to intake new technology and new products was remarkable, as many institutions were focused on new challenges. While we envision some headwinds to continue in 2021 for us and many in the medical industry, we believe that AC5 Advanced

Wound System is well positioned to enable surgeons to address their patient's challenging wounds. These wounds are all too often being treated electively when instead they should be addressed emergently in order to hopefully accelerate wound healing to better preserve limbs and possibly save lives."

Dr. Norchi concluded, "We believe that 2021 will be an exciting year for Arch while we continue to make progress towards maximizing the value of the intellectual property portfolios both developed at Arch and licensed exclusively worldwide from Massachusetts Institute of Technology and Versitech Limited."

The securities described above were offered in a private placement under Section 4(a)(2) of the Securities Act of 1933, as amended (the "**Act**") and Regulation D promulgated thereunder and, in a transaction, not involving a public offering and have not been registered under the Act or applicable state securities laws. Accordingly, the securities may not be reoffered or resold in the United States except pursuant to an effective registration statement or an applicable exemption from the registration requirements of the Securities Act and such applicable state securities laws.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such state.

About Arch Therapeutics, Inc.

Arch Therapeutics, Inc. is a biotechnology company developing a novel approach to stop bleeding (hemostasis), control leaking (sealant) and manage wounds during surgery, trauma and interventional care. Arch is developing products based on an innovative self-assembling barrier technology platform with the goal of making care faster and safer for patients. Arch has received regulatory authorization to market AC5[®] Advanced Wound System and AC5[®] Topical Hemostat as medical devices in the United States and Europe, respectively. Arch's development stage product candidates include AC5-G[™], AC5-V[®] and AC5[®] Surgical Hemostat, among others.^{1,2}

Notice Regarding Forward-Looking Statements

This news release contains "forward-looking statements" as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements in this press release that are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, expectations or intentions regarding the future. Such forward-looking statements include, among other things, the intended use of net proceeds from the private placement, references to novel technologies and methods, our business and product development plans and projections, or market information. Actual results could differ from those projected in any forward-looking statements due to numerous factors. Such factors include, among others, the inherent uncertainties associated with developing new products or technologies and operating as a development stage company, our ability to retain important members of our management team and attract other qualified personnel, our ability to raise the additional funding we will need to continue to pursue our business and product development plans, our ability to obtain required regulatory approvals, our ability to produce commercial quantities of our products within projected timeframes, our ability to develop and commercialize products

based on our technology platform, and market conditions, and our ability to establish additional commercialization partnerships and build a critical mass of field sales representatives. These forward-looking statements are made as of the date of this news release, and we assume no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements. Although we believe that any beliefs, plans, expectations and intentions contained in this press release are reasonable, there can be no assurance that any such beliefs, plans, expectations or intentions will prove to be accurate. Investors should consult all of the information set forth herein and should also refer to the risk factors disclosure outlined in the reports and other documents we file with the SEC, available at www.sec.gov.

¹ AC5-G, AC5-V, and AC5 Surgical Hemostat are currently investigational devices limited by law to investigational use.

² AC5, AC5-G, AC5-V and associated logos are trademarks and/or registered trademarks of Arch Therapeutics, Inc. and/or its subsidiaries.

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