



## **PharmChem, Inc. Announces Management Reorganization**

Fort Worth, TX (June 8, 2022) — PharmChem, Inc. (“PharmChem” or the “Company”) (OTC: PCHM) today announces the appointment of Mr. Matthew Katz as CEO and President, as well as the appointment of Kerri Wagner to the newly created role of Chief Revenue Officer. Both appointments will go into operational effect over the next three weeks. These appointments follow the recently announced addition of a new member to the Company’s Board of Directors.

Please see the attached letter from Chairman Tice Brown for more details.

This press release and attachment are for informational purposes only and are not an offer to buy or the solicitation of an offer to sell any securities.

### **Cautionary Statement Regarding Forward-Looking Statements**

Certain statements and information in this press release and attachment may constitute “forward-looking statements.” The statements discussed in these materials that are not purely historical data are forward-looking statements. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. Our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause our actual results to differ materially from our historical experience and our present expectations. For additional information regarding known material risks, uncertainties and other factors that can affect future results, please see our filings with OTC Markets from time to time (available at [www.otcm Markets.com](http://www.otcm Markets.com)), including our latest Annual Report and Quarterly Reports. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.

### **About PharmChem, Inc.**

PharmChem, Inc. (“PharmChem”) (OTC: PCHM), headquartered in Fort Worth, TX, is the manufacturer and sole source provider of the PharmChek® Drugs of Abuse Sweat Patch.

June 8th, 2022

Dear Shareholders,

We have had several significant changes at our company in the last few weeks about which shareholders deserve a more fulsome update.

## Our Capital Structure

As previously announced, PharmChem attempted a levered recapitalization of the business over the last two months, which was unsuccessful and was terminated May 31<sup>st</sup>. Due to some limited ongoing weakness in our sales efforts including the termination of a previously announced distributor contract, as well as the ultimate decision for a management reorganization (more below), and despite the outstanding work of our debt placement agent, First Ballantyne, our debt issuance was terminated. We also received very few shares tendered between \$3.25 - \$3.75 per share in our modified Dutch auction tender offer, even though the stock has traded significantly below that range both before and after the tender offer.

I still believe that this company can benefit from some amount of leverage on the balance sheet. Over the last decade or more, our product has produced a sticky, high-margin stream of recurring cashflow. The legal and organizational expense for this debt issuance will cost us approximately \$200,000 this quarter. We may revisit a similar debt issuance in the future.

## Our Management Reorganization

*Kerri Wagner, Chief Revenue Officer*

For many years Kerri Wagner has been one of the most impactful employees at PharmChem, growing the company's revenue substantially in her previous role. We appreciate her work as CEO over the last nine months, and we're happy to announce the creation of a new role, Chief Revenue Officer, and eager to have her in a position in which she excels. Kerri will serve as head of the sales team, while also leading marketing and account management, with a focus on continuing to grow our PharmChek sales to probation, parole, and rehab customers.

*Matthew Katz, Chief Executive Officer*

The Board of Directors has also newly named Matthew Katz as our CEO. Matt's previous positions at Cigna and its affiliate Evicore focused on healthcare product-level strategy and development. We look forward to Matt's efforts to create and grow sales verticals outside of our current justice system efforts. There are many potential uses of our product that have not been fully developed, including sales in pharmacies, online direct-to-consumer, and direct relationships with insurers. The Board has given Matt a broad mandate to experiment and deliver high ROIC growth for this business. The PharmChek product is a superior one. We just need to find all of the markets it can fit into.

Matt is also my wife's brother, but the cliché of an "idiot brother-in-law" he is not. Matt graduated at the top of both of his majors at Wesleyan (Economics and Government), and as a Palmer Scholar (top 5%) from Wharton with an MBA focused on healthcare management. He is quantitative and strategic, and was

looking for an entrepreneurial role to spread his wings. He is being compensated predominantly in the form of well-out-of-the-money option grants.

*Harris Perlman, Board Member*

The Board is excited to welcome Harris Perlman. Harris is a long-time PharmChem shareholder and is one of the sharpest business and investment analysts we know. His assistance with the Board's decision-making going forward will be invaluable.

In conclusion, I'm eager to see the fruits of our new managements' efforts. I personally purchased nearly \$7mm of PharmChem's stock last year at prices significantly higher than the current prevailing market. I continue to serve as Chairman for zero dollars of compensation of any kind. And now I'm setting myself up for some awkward Thanksgivings if we fail to grow. I want to thank our shareholders for their patience, and for the trust you've put in us.

Tice Brown

A handwritten signature in dark ink, appearing to read 'Tice Brown', with a long horizontal flourish extending to the right.

Chairman of the Board