

# PHARMCHEM

## **Notice of Termination of Tender Offer and Private Offering**

Fort Worth, TX (May 31, 2022) — PharmChem, Inc. (“PharmChem” or the “Company”) (OTC: PCHM) today announces that it has terminated its previously announced tender offer to purchase up to \$5 million aggregate principal amount of its common stock (the “Shares”) at a price range between \$3.25 and \$3.75 per share through a modified Dutch auction tender offer (the “Tender Offer”). The Tender Offer was due to expire on May 31, 2022.

The Company is terminating the Tender Offer due to the Company’s inability to satisfy a financing condition, as defined and described in the Tender Offer materials (the “Financing Condition”). The Company’s obligation to acquire the Shares was subject to various terms and conditions as specified in the Tender Offer, including the conditions described in Section 6. Under the terms of the Tender Offer, if the Financing Condition is not satisfied, the Company has the right to terminate the Tender Offer. The Company has determined that the Financing Condition has not been met due to the termination of the Note Offering (defined below).

None of the Shares were purchased in the Tender Offer and, as a result of the termination, all of the Shares previously tendered will be promptly returned to the holders thereof, and no consideration will be paid to shareholders who have tendered their Shares.

The Company may seek opportunities in the future to repurchase shares of its common stock from time to time, subject to applicable law. Such future repurchases, if any, may be effectuated through open market purchases under a plan that complies with the Securities Exchange Act of 1934, as amended (the “Exchange Act”), through a tender offer, private purchases, or through other similar transactions, and would be subject to market conditions, applicable legal requirements, contractual obligations and other factors.

The Company also announces the termination of the private offering of Senior Secured 1st Lien Notes Series 2022 (the “Note Offering”), previously announced on May 3, 2022. The Company elected to terminate the Note Offering due to recent developments with respect to the Company’s business and results of operations, which the Company intends to review and address before evaluating any potential financial transactions. The termination of the Note Offering resulted in the failure of the Financing Condition.

With respect to the Note Offering, the Company worked with First Ballantyne, LLC, a member of FINRA and a broker-dealer registered under the Exchange Act. The Company’s Chairman Tice Brown adds, "First Ballantyne stepped up to work with us in a deeply challenging high-yield market, and did an extraordinary job on this debt raise. We would be happy to work with First Ballantyne again in the future."

This press release is for informational purposes only and is 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 may constitute “forward-looking statements.” The statements discussed in this press release that are not purely historical data are forward-looking statements, including, but not limited to, the statements regarding the Tender Offer and the Note Offering and the use of proceeds therefrom. 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.otcmarkets.com](http://www.otcmarkets.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.