

March 18, 2024

Dear Shareholders,

PharmChem filed its audited 2023 results today. Audited results were better than the preliminary results announced on February 27 due to an accrual correction and finalized tax impact. For the year ended December 31, 2023 revenues increased 3% to \$6.01 million from \$5.84 million in the prior year. Pre-tax income decreased 5% to \$1,054,000 versus \$1,106,000 in the prior year. Net income for the year was \$845,000 or \$0.170 per share, versus \$870,000 or \$0.172 per share in the prior year.

For the fourth quarter ended December 31, 2023 revenues increased 4% to \$1.43 million from \$1.37 million in the prior year quarter. Unaudited pre-tax income increased 23% to \$326,000 versus \$264,000 in the prior year quarter. Unaudited net income for the quarter was \$309,000 or \$0.066 per share, versus \$230,000 or \$0.0397 per share in the prior year quarter.

On March 15, 2024, after careful consideration, the Board of Directors and CEO Matthew Katz agreed that a change in leadership was in the best interests of the company. We wish Matt the best in his future endeavors. Mr. Katz has also resigned his position from the board effective March 15, 2024. He has 90 days to exercise any outstanding vested options. Board member Thompson Clark has been named interim CEO with a base annual compensation of \$50,000.

If shareholders have further, specific questions, please email our CFO Shana Veale at sveale@pharmchem.com and we will set up a call.

Tim Eriksen
Chairman of the Board

DISCLAIMER

This letter contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933 ("Forward-looking Statements"), which are subject to the "safe harbor" created by these Sections. Forward-looking statements are statements about future financial results, future products or services and www.pharmchem.com other events that have not yet occurred. These forward-looking statements contain words such as, but not limited to, "expect", "anticipate", "estimate", "believe", "will", "may" or "might". Investors should be aware that actual results may differ materially from our expressed expectations because of risks and uncertainties about the future. We will not necessarily update the information in this letter if any forward-looking statement later turns out to be inaccurate.