

# Third Quarter 2023 Report to Stockholders

November 30, 2023

Dear Stockholder:

We are pleased to announce that net sales increased in all of our main product categories during the third quarter of 2023. For the third quarter of 2023, net sales increased by \$640,496 (26%) when compared with the same period in 2022. The Company's sales of cosmetic ingredients increased by \$355,917 (42%) in the third quarter of 2023 when compared with the same quarter of 2022. Pharmaceutical sales increased by \$37,026 (3%) in the third quarter of 2023 when compared with the same quarter of 2022. Medical lubricant sales increased by \$279,399 (73%) in the third quarter when compared to the same period in 2022. For the first nine months of 2023 the Company's net sales decreased by \$1,657,416 (17%) due to lower sales in the first half of this year compared with 2022. Net income for the nine-month period decreased from \$1,890,307 (\$0.41 per share) in 2022 to \$1,843,931 (\$0.40 per share) in 2023. We are hopeful that the sales increases we saw in the third quarter will continue as we move through the remainder of 2023.

In October we were informed by our contract manufacturer of our principal pharmaceutical product, Renacidin<sup>®</sup>, that they would be temporarily suspending production. We have been working closely with our contract manufacturer to ensure Renacidin will be manufactured as soon as the facility is back up and running. As of today, the manufacturing line where Renacidin is produced is functional and the necessary validation work is currently underway. We received a tentative product release schedule for the beginning of February 2024 and our contract manufacturer has indicated that they are working as quickly as possible to resume production. We will be allocating Renacidin to our wholesale distributors starting early December to ensure we have supply until manufacturing resumes. While we work through the manufacturing delays, we are still committed to expanding the market for Renacidin. We will begin implementing our strategy in the first quarter of 2024 which will include conducting market research and planning a marketing campaign to access more doctors and health care professionals followed by a distributor search to understand the marketability of Renacidin outside the US.

Our sexual wellness line of products launched at the California SCC tradeshow in October with Brenntag, a global market leader in chemicals and ingredient distribution. Brenntag prepared a press release for the SCC event, which is available on our website. We are so pleased by the response the sexual wellness line of products has received thus far from customers and we have seen numerous sample requests since the launch. While it will take some time for customers to formulate with our new sexual wellness ingredients, we are excited for the future of this niche market and our partnership with Brenntag.

Our research team continues to develop ingredients to meet the needs of our cosmetic customers. Skin care and hair care products continue to need ingredients that are multifunctional which is excellent for our hydrogels since they can add hydration, lubrication, sensory enhancements, and texture to finished

formulations. Our team continues to develop natural products that come from sustainable sources, are produced using green chemistry principles, and do not negatively impact the environment. We continue to see the need for new textures and sensory products in both the skin care and hair care space. We currently have a few concepts that are in the initial stages of development and will continue to work on those ingredient formulations as we move through 2024. Along with expanding our product portfolio we are re-evaluating our current marketing strategy for our cosmetic ingredients. We are in the process of determining our best path forward and will start implementing those changes in the first quarter of 2024.

Lastly, we have been actively seeking new markets for our medical lubricants. While our products have often found their way into the medical device space, more specifically in catheter devices, we have identified additional markets for our medical lubricants. We will be actively seeking distribution partners to expand our reach in the medical field and introduce our medical lubricants into new medical markets. The medical field has many uses for lubricants, and we believe we have just scratched the surface of this potential market.

As 2023 comes to a close, we are focused on our strategy moving forward, which we believe will provide us with new opportunities for growth in the coming years.

We wish all of you a healthy and happy holiday season.

Sincerely,

UNITED-GUARDIAN, INC.

A handwritten signature in cursive script, appearing to read "Donna Vigilante". The signature is written in dark ink and is positioned to the right of a horizontal line that spans the width of the signature.

Donna Vigilante  
President

**Financial Results for the  
Three and Nine Months Ended  
September 30, 2023 and 2022**

**STATEMENTS OF INCOME**

(unaudited)

	<b>THREE MONTHS ENDED SEPTEMBER 30,</b>		<b>NINE MONTHS ENDED SEPTEMBER 30,</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>Net sales</b>	\$ <u>3,057,518</u>	\$ <u>2,417,022</u>	\$ <u>8,278,141</u>	\$ <u>9,935,557</u>
<b>Costs and expenses:</b>				
Cost of sales	1,749,041	1,076,035	4,272,043	4,479,905
Operating expenses	488,464	532,333	1,580,503	1,699,311
Research and development	<u>98,141</u>	<u>120,924</u>	<u>353,829</u>	<u>364,856</u>
<b>Total costs and expenses</b>	<u>2,335,646</u>	<u>1,729,292</u>	<u>6,206,375</u>	<u>6,544,072</u>
<b>Income from operations</b>	<u>721,872</u>	<u>687,730</u>	<u>2,071,766</u>	<u>3,391,485</u>
<b>Other Income:</b>				
Investment income	79,682	46,995	182,264	146,405
Net (loss) gain on marketable securities	<u>(14,357)</u>	<u>(300,526)</u>	<u>65,823</u>	<u>(1,154,464)</u>
<b>Total other income (expense)</b>	<u>65,325</u>	<u>(253,531)</u>	<u>248,087</u>	<u>(1,008,059)</u>
<b>Income before provision for income taxes</b>	787,197	434,199	2,319,853	2,383,426
<b>Provision for income taxes</b>	<u>160,441</u>	<u>88,681</u>	<u>475,922</u>	<u>493,119</u>
<b>Net income</b>	\$ <u>626,756</u>	\$ <u>345,518</u>	\$ <u>1,843,931</u>	\$ <u>1,890,307</u>
<b>Earnings per common share (Basic and Diluted)</b>	\$ <u>0.14</u>	\$ <u>0.07</u>	\$ <u>0.40</u>	\$ <u>0.41</u>
<b>Weighted average shares – basic and diluted</b>	4,594,319	4,594,319	4,594,319	4,594,319

**BALANCE SHEETS\***  
(condensed)

<b><u>ASSETS:</u></b>	<b>SEPTEMBER 30, 2023</b>	<b>DECEMBER 31, 2022</b>
	(UNAUDITED)	(AUDITED)
<b>Current assets</b>	\$ 11,615,631	\$ 9,970,630
<b>Property, plant, and equipment</b>	7,622,133	7,549,797
Less: Accumulated depreciation	<u>7,064,991</u>	<u>6,990,636</u>
<b>Total property, plant, and equipment, net</b>	557,142	559,161
<b>Deferred income taxes, net</b>	<u>---</u>	<u>110,544</u>
<b>TOTAL ASSETS</b>	\$ <u>12,172,773</u>	\$ <u>10,640,335</u>
 <b><u>LIABILITIES AND STOCKHOLDERS'</u></b>		
<b><u>EQUITY:</u></b>		
<b>Current Liabilities</b>	\$ 1,473,630	\$ 1,373,691
<b>Deferred income taxes, net</b>	48,000	---
<b>Stockholders' equity</b>	<u>10,651,143</u>	<u>9,266,644</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	\$ <u>12,172,773</u>	\$ <u>10,640,335</u>

\* More detailed financial information can be found in the company's Form 10-Q for the third quarter of 2023, which can be found on the company's web site at [www.u-g.com](http://www.u-g.com).