

Letter to Stockholders

Dear Stockholder:

This past year was a challenging one for us, with economic issues still negatively impacting our sales in China, and the temporary production suspension of Renacidin® irrigating solution. Late last year, our contract manufacturer of Renacidin temporarily suspended production resulting in our inability to bring in new inventory and requiring us to allocate our existing inventory to try to ensure that our product was available throughout as much of the country as possible.

I am pleased to report that production of Renacidin has now resumed, and we began shipping some initial batches we received from our contract manufacturer at the end of March. Since then, we have received additional production batches, and we have increased the amounts that we ship to each of our distributors. We are making every effort to make the product available to as many patients as possible, especially those that depend on the product. We expect to fulfill orders in their entirety and be back to normal inventory levels by the end of April.

As a result of the Renacidin production issue, as well as the continuing economic issues that have impacted our sales in China, net income for FY 2023 remained relatively flat compared with FY 2022. Net sales for the year decreased by 14% from \$12,698,503 in 2022 to \$10,885,154 in 2023, and net income increased from \$2,569,512 (\$0.56 per share) in 2022 to \$2,581,370 (\$0.56 per share) in 2023. The decrease in overall sales was due primarily to a decrease in sales of our cosmetic ingredients, which decreased by 20% from \$5,167,909 in 2022 to \$4,132,334 in 2023. A decline in sales to our largest distributor, Ashland Specialty Ingredients (“ASI”), was responsible for 19% of the total decrease. According to ASI, the primary reasons for the decrease in sales were customers maintaining lower inventory levels and changing to just-in-time order patterns. Reduced sales in China were responsible for the most significant sales decrease when comparing the regions for which ASI is responsible. We are working with ASI to better understand the market in China and our share of that market, how we can remain competitive there, and what strategies are needed to be successful in this ever-evolving landscape. We are currently in negotiations with ASI on a new marketing agreement, which includes discussions on current marketing territories, competition, market penetration and ways to stimulate sales. While these discussions are going on, we will continue to work with ASI as we have in the past, fulfilling customer orders and discussing marketing strategies to promote our products more effectively.

In regard to Renacidin, over the past few months we have had in-depth conversations with patients and healthcare professionals who have provided valuable insight into the use and need for Renacidin. We have learned more about our core patient group and what additional steps we need to take to expand brand awareness. We will be working with a marketing firm to aid us in conducting a market research study. The study will be conducted over a two-month period with insight from healthcare professionals who currently prescribe our product. This information will enable us to create a marketing campaign aimed at providing healthcare professionals with clinical information on Renacidin. We are also exploring the possibility of expanding sales of Renacidin into Europe and are in discussions with a company that is very interested in pursuing this with us and is in the process of investigating the costs

and market potential. While these discussions are in the early stages, we are excited about the possibility of bringing Renacidin to patients outside the US.

Brenntag Specialties (“Brenntag”), the new marketer and distributor for our Natrajel™ line of sexual wellness ingredients in the U.S. and Canada, began its marketing efforts for the new product line late last year, and we are continuing to explore the potential in this market, both in North America and around the world. Brenntag will be presenting formulations, which include our Natrajel products, at In-Cosmetics Global Trade Show this spring. We are looking forward to gaining customer insight and feedback from the event. We understand that marketing a new product line takes time, but we have been very encouraged by the number of sample requests that we have received so far.

We are also in the process of negotiating a new marketing agreement that will expand our reach in the medical lubricant market. The agreement will initially include two countries in Europe, with the possibility of expanding that to other European countries as well as countries in the Middle East and Africa. Our distribution partner has identified areas within the healthcare space for which our medical lubricants would be an ideal fit. They will also explore other healthcare markets, including nutraceuticals, diagnostics, and veterinary medicine, where they see potential for our products. This agreement will enable us to explore new markets and provide additional opportunities to develop new products.

Finally, our research team continues to develop ingredients to meet the needs of our cosmetic customers. Companies that produce skin care and hair care products continue to need ingredients that are natural and multifunctional. Our hydrogels meet this market need by adding hydration, lubrication, sensory enhancements, and texture, while also maintaining our commitment to using sustainable sources, green chemistry, and limiting our impact on the environment during the manufacturing processes. In addition, we continue to see the need for new textures and sensory products, and currently have a few concepts in various stages of development. Along with expanding our product portfolio, we are re-evaluating the marketing strategy for our cosmetic ingredients. We are in the process of hiring a Director of Marketing to spearhead our marketing strategy by increasing brand awareness, understanding our market presence, and evaluating our commercialization channels.

In 2023, we identified ways to expand each of our product categories and began finding partners to bring those ideas to tangible goals. In 2024, we began formalizing those relationships, and with the efforts from our new marketing director, we will begin to implement those strategies. We are hopeful that our sales for 2024 will reflect the efforts we have made so far in positioning ourselves for future growth.

Sincerely,

UNITED-GUARDIAN, INC.

A handwritten signature in black ink, appearing to read "Donna Vigilante". The signature is fluid and cursive, with a large initial "D" and "V".

Donna Vigilante
President