

Letter to Stockholders

Dear Stockholder:

We are pleased to announce that both sales and earnings increased in the third quarter, with sales increasing from \$3,057,518 in 2023 to \$3,060,113 in 2024 and earnings increasing from \$626,756 in 2023 (\$.14) to \$865,484 (\$.19) in 2024. Cosmetic ingredients sales increased by \$92,409 (8%) while medical lubricants sales decreased by \$15,428 (2%) and pharmaceutical sales decreased by \$74,386 (6%). Sales and earnings also increased for the nine-month period, with sales increasing from \$8,278,141 in 2023 to \$9,705,262 in 2024, and earnings increasing from \$1,843,931 (\$.40) in 2023 to \$2,747,151 (\$.60) in 2024. Sales of cosmetic ingredients and medical lubricants increased while pharmaceutical sales decreased. Sales of cosmetic ingredients increased by \$1,853,477 (68%) and sales of medical lubricants increased by \$66,462(4%). Pharmaceutical sales decreased by \$441,224 (11%). The decrease in pharmaceutical sales was a result of a temporary shutdown that occurred at our contract manufacturer's facility late last year. During the shutdown it was necessary to allocate our existing stock of Renacidin® in order to maintain sufficient supply levels for as long as possible, which resulted in lower sales of Renacidin during the curtailment period. Sales of Renacidin have been steadily increasing since March when production resumed.

We are spending additional resources on expanding the market for Renacidin, our most important pharmaceutical product. In June we conducted a focus group study with health care professionals to understand our current market reach and the protocols utilized by physicians treating patients with indwelling catheters. The study identified new areas in the healthcare system where additional insight is needed. In 2025 we will be conducting further studies into insurance coverage and pharmacy awareness. Our goal is to implement action items identified from our studies to improve product availability and awareness for both patients and health care professionals. We believe this will allow us to gain greater market share as well as provide insight necessary for possible expansion outside the United States ("U.S.").

We continue to have discussions with our distributors and seek opportunities to expand our market position. We are working with Ashland Specialty Ingredients ("ASI") on a new distribution agreement for our cosmetic ingredients. We currently have ongoing meetings with ASI to negotiate the terms of our agreement. While finalizing this agreement has taken longer than expected, we are hopeful the new agreement will be near completion within the first few months of 2025. We continue to conduct business with ASI as we have previously by fulfilling orders and discussing marketing strategies.

Last year we signed an agreement with Brenntag Specialties ("Brenntag") to market our sexual wellness ingredients in the U.S. and Canada. Brenntag has received numerous requests for samples and prototypes containing Natrajel® products and has customers that are evaluating our ingredients for use in their new development projects. We continue to support Brenntag by providing marketing resources as they develop business in this new market. Brenntag has identified an additional territory in Europe

that they believe has strong potential for growth, and we are in the process of negotiating an extension to our current agreement for that territory.

We have finalized the terms of our distribution agreement for our medical lubricants in two European countries and expect a fully executed contract imminently. We recently met with the distributor to discuss strategy and market opportunities. We will provide periodic progress updates as they begin their marketing efforts. We are committed to exploring opportunities for the expansion of our medical lubricant sales in additional European countries, as well as countries in the Middle East and Africa, following the initial marketing activities.

Our research team is continuing to develop new and innovative cosmetic ingredients for skin care and hair care applications. Our new skin care ingredient was designed to provide even longer hydration than our current products and we intend to launch this product in 2025, pending market feedback. We are still creating the data package needed for a successful launch and prototype samples for select distributors to evaluate prelaunch. Our new hair care ingredient, which has completed its first round of testing, will require additional studies. These studies are expected to be completed in early 2025, at which time prototype samples will be sent to selected distributors for their initial evaluations. In the sexual wellness category, our team has created a new Natrajel ingredient based on the feedback received from customers. Studies are underway and prototypes are expected to be ready for evaluation in early 2025. In addition, we continue to develop new products for our medical customers. One of these projects has been completed and will move to production in 2025, while several other projects are in various stages of development. We will continue to collaborate with our medical lubricant customers to support their ongoing needs for new products.

In the past few months, we have invested resources into marketing kits, training presentations and in-person meetings with our personal care customers and distributors. We have received positive product reviews from the market and witnessed how our products meet the needs of our customers. We plan to continue our marketing activities in 2025, which we believe will provide us with new opportunities for both current product expansion and new product concepts.

We would like to wish all of you a happy holiday season and look forward to continuing our growth plan in the new year.

Sincerely,

UNITED-GUARDIAN, INC.

A handwritten signature in black ink, appearing to read "Donna Vigilante". The signature is written in a cursive, flowing style.

Donna Vigilante
President