

Letter to Stockholders

Dear Stockholder:

I am pleased to report that 2024 was a stronger year for United-Guardian compared to 2023. We saw sales improve in both the cosmetic and medical lubricant markets. While pharmaceutical sales did not fully recover in 2024 due to a shutdown at our contract manufacturer for Renacidin[®], we did start to recover from the deficit that we had seen earlier in the year.

Net sales and net income increased from FY 2023 to FY 2024. Net sales increased by 12% from \$10,885,154 in 2023 to \$12,181,971 in 2024 generating net income of \$3,250,875 (\$0.71 per share) in 2024 compared to \$2,581,370 (\$0.56 per share) in 2023. Sales of cosmetic ingredients and medical lubricants increased by 32% and 16%, respectively. The increase in cosmetic ingredient sales was primarily due to increased purchase orders from our largest distributor, Ashland Specialty Ingredients (“ASI”). ASI stated that there was greater demand for our products in China as a result of regaining market share at certain key accounts. The increase in medical lubricant sales was driven by greater demand from one of our large contract manufacturer customers in China. Pharmaceutical sales decreased by 5% in 2024, due to a supply disruption of Renacidin, our main pharmaceutical product, that we experienced at the end of 2023 and continued into the first quarter of 2024. This disruption impacted our sales of Renacidin for 2024. Sales began increasing once supply levels resumed and we saw a trend of returning sales as the year progressed. Our fourth quarter results were not as strong as the previous quarters in 2024, and the primary reason for this decrease was due to ASI’s ordering patterns. While sales to ASI’s customers remained steady, so did their inventory levels, which resulted in a decrease in the purchase orders we received from them in the fourth quarter.

We are continuing to explore the market for Renacidin by gaining valuable insights into patient product access, barriers limiting growth and brand awareness. Our next study, an investigation into the payer landscape, will begin in the second quarter of 2025. This study will explore barriers that may exist for patients to access Renacidin and develop strategies to mitigate the barriers, if present. We believe that obtaining a broader understanding of Renacidin in the marketplace will allow us to expand our sales and reach more patients. These studies are not only designed to increase our domestic market share but will allow us to demonstrate the potential value this product may have across the globe. Our wider plan is to expand Renacidin outside the United States, and we believe the information generated from our research will put us on a trajectory to accomplish that goal.

We have been actively working with our distributors to seek opportunities to expand our market position. We recently signed a distribution agreement with Azelis Group NV (“Azelis”) for an additional territory, South Korea. The Korean market is at the forefront of innovation in the skin care category, and the Azelis team is ideally suited to introduce our products to new customers. Azelis has already begun introducing our ingredients to their customers and we are hopeful that we will gain greater market share in this territory. We continue to have discussions with ASI on a new distribution agreement for our cosmetic ingredients. While finalizing this agreement has taken longer than expected, we are actively working with ASI to negotiate the terms of our agreement. We are hopeful that an agreement will be signed later this year. We continue to conduct business with ASI as we have previously, by fulfilling orders and discussing marketing strategies. We have been discussing

the topic of tariffs with our distributors as well as internally. The situation remains fluid and is subject to change. We are continuing to monitor the situation closely and we will update our stockholders on the potential impact on our business, if any, in the next stockholders' letter.

Our Natrajel® line of sexual wellness ingredients was first introduced to the market in late 2023 and has been steadily gaining interest from customers. Brenntag Specialties ("Brenntag"), our marketer and distributor of the sexual wellness line in the Americas, has been promoting these products at trade shows and during customers visits. We have received positive feedback and interest which we believe will put us in a strong position for growth as this market continues to gain traction among consumers. While all new products take time to grow, we have been very encouraged by the number of sample requests we have received so far and are hopeful we will receive orders for these products in 2025. We are still in the process of negotiating an extension to our current agreement for an additional territory in Europe.

We are excited to report that our marketing agreement with Azelis for our medical lubricant products in the UK and Ireland has been executed. Azelis has strong relationships with customers in the medical market and believes that our products are a natural fit for unmet needs within several medical categories. We are at the beginning of this process, and are preparing documentation, providing training materials and developing a marketing strategy. We will provide updates as we move forward.

Finally, our research and marketing teams continue to develop ingredients and promote existing products to new customers. Based on feedback from our customers and distributors, we know that our Lubrajel® line of products provide multifunctional benefits with hydration, lubrication and sensory at the forefront. We have several new products in the later stages of development and will be providing samples to our distributors for feedback in the coming months. The products include a skin care ingredient designed for longer hydration benefits, a hair care ingredient that meets the growing need for natural ingredients and a new Natrajel ingredient for the sexual wellness market that addresses an unmet need. Our marketing team is creating documentation needed to provide a robust promotional effort, and we will provide additional updates once these products are launched. In addition, we are continuing to develop new products for our medical customers with several projects in various stages of development and our marketing team will be creating brochures, sample kits and training presentations to further expand our presence in the medical market.

We are still following our growth plan, which we believe is the best way to provide consistent growth to our stockholders. Our plan began in the second half of 2023 by identifying pathways for growth and expansion within our current markets. In 2024 we implemented key steps in our growth plan by adding marketing capabilities, signing a new distribution agreement, conducting studies to further our knowledge base, and assessing our commercialization channels. We believe that the core steps in our growth plan are in place, and we will continue to implement the changes needed to support our goal of growing the business.

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