

## **Third Quarter 2025 Report to Stockholders**

December 10, 2025

Dear Stockholder:

Our third quarter was another profitable one, despite the challenges that have impacted earnings in the first nine months of 2025. The softer demand in Asia, along with the excess inventory held by our distributors throughout the first nine months of the year, resulted in a continuation of the reduced orders we have experienced so far this year. As a result, sales for the quarter decreased from \$3,060,113 in 2024 to \$2,264,261 in 2025, which resulted in net income decreasing from \$865,484 (\$0.19 per share) to \$268,441 (\$0.06 per share). For the first nine months of the year, sales decreased from \$9,705,262 in 2024 to \$7,583,613 in 2025, which resulted in a decrease in net income from \$2,747,151 (\$0.60 per share) to \$1,456,162 (\$0.32 per share).

In addition to the softer demand in Asia and the excess inventory situation (which was a result of the softer demand), sales were also negatively impacted by the confusing tariff situation, which has caused our Asian distributors to face increased pressure to compete for market share. The tariff situation caused some customers to seek lower cost ingredients that do not carry additional tariffs. As a result, sales of those products in the first nine months of the year decreased by 56% from \$4,585,443 in 2024 to \$1,998,948 in 2025. Much of that reduction was due to smaller orders from our largest marketing partner, Ashland Specialty Ingredients (“ASI”). In addition to softer demand in Asia, ASI reported that during the third quarter they were still continuing to work down excess inventory, which impacted the quantities ordered. ASI has informed us that the excess inventory situation has now been resolved.

We have been working closely with our marketing partners to mitigate the risks in Asia by assisting them with price support to better enable them to retain customers and maintain market share in this competitive landscape. As we move forward we will be working with our marketing partners in Asia to broaden the applications in which our products are used, to build a stronger foundation for our brand in this critical region.

On a positive note, for the first nine months of 2025 sales of our medical lubricants and pharmaceutical products increased compared with the same period in 2024. Sales of medical lubricants increased by 6% from \$1,633,825 in 2024 to \$1,736,191 in 2025, which was attributable to increased orders from two of our large customers in China. Pharmaceutical product sales increased by 10% from \$3,485,994 in 2024 to \$3,848,474 in 2025, which was attributable to increased orders for Renacidin®.

While the impact of tariffs and other global economic uncertainties continue to create challenges for our business, we have implemented additional strategic initiatives to mitigate these threats. Those initiatives include (1) closely monitoring our supply chain to control costs; (2) building a stronger distribution partner network to better serve our customers, increase sales, and assist in developing new products to better meet our customers’ needs; (3) expanding our position in healthcare, particularly in regard to Renacidin, our most important pharmaceutical product; (4) developing additional products for both the personal care and sexual wellness markets; and (5) seeking external opportunities to grow our business.

We have made significant headway in our Renacidin payer outreach program. The project consists of two phases, of which phase one has been completed. The first phase of the project was the creation of a value proposition presentation designed to promote Renacidin to medical insurance companies during their formulary meetings. The value proposition provides insurance companies with a clear indication of the need for Renacidin in the market, as well as medical cost benefits associated with patients using Renacidin instead of much less effective options. In the second phase of this project we engaged with individual insurance plans, with the help of consultants, to convince more insurance plans to include Renacidin on their drug formularies, with a focus on Medicare plans. During the meetings conducted so far, our value proposition has been well received, and several meetings moved from initial conversations to follow up meetings based on interest from the individual plans. We will continue this phase of the project and seek inclusion on additional medical insurance formularies. A higher

inclusion rate creates more opportunities for patients to access Renacidin, and with additional access the barrier that exists for healthcare practitioners to prescribe Renacidin is significantly reduced.

In addition to our Renacidin project, in early 2025 we took steps to increase our presence in the medical lubricant market by signing a marketing agreement with Azelis in the UK and Ireland. We will continue to focus on building our medical lubricant business in 2026 by working with Azelis to reach new customers and expand our product range to meet the needs of the medical device market. We have started some introductory conversations with our other distributors for expansion into additional medical markets. We believe that by expanding our relationships with our current distributors we can create new opportunities for our products to be included in additional medical applications. In addition to expanding our business via our distribution network, we are also continuing to develop new products and expand our relationships with our current medical customers, with several projects in various stages of development.

The cosmetic ingredient market continues to be a core market that we remain committed to expanding and growing. Over the past year we have presented our distributors with new data and innovative ways to engage their customers through training presentations and demonstration kits. We have repositioned our Lubrajel® line to showcase how they meet the current trends in the personal care market and can provide solutions for cosmetic formulators. We are also working to strengthen our distributor relationships by signing several marketing agreements and negotiating new ones. While some agreements are still in progress (in particular our new marketing agreement with ASI), we have made significant progress. Both companies are committed to finalizing an agreement by the end of 2025. Over the past year we have worked very closely with ASI to continue building our relationship by conducting regular meetings with each region and creating a strategy to jointly grow our business.

Our R&D team continues to design new products for the skin care and hair care markets. Two products will be ready for evaluation by our marketing partners shortly. One is a new skin care ingredient that is designed to provide longer hydration benefits. This product is complete and will be launched to selected marketing partners in early 2026. We have delayed this launch so that the product can be introduced at the start of the new year when distributors are planning new promotional campaigns. The new hair care ingredient, designed to meet the growing need for natural offerings, is near completion and will be launched to our marketing partners in 2026. With hair care becoming a new focus for us, we have presented new hair care data to our marketing partners with very positive feedback. We will continue to work with our distributors to better understand the needs of the hair care customers and create products to meet those needs.

Finally, the sexual wellness ingredient category remains a new niche market with growth potential. Brenntag Specialties (“Brenntag”) is our marketing partner for our sexual wellness ingredients, such as our Natrajel® product line, in North and South America. Brenntag currently has several potential opportunities with customers at varying stages of interest. We are encouraged by the number of opportunities and positive feedback that our products have received so far, and will continue to gather feedback from the customers in this market and develop new Natrajel® products that meet their needs.

We are expecting 2025 to be another profitable year and are confident that the growth initiatives we have been working on, along with our expanded and realigned distribution network, have the potential to expand our market presence globally, reposition our product portfolio, create increased revenues and profits, and reduce our dependence on product sales in Asia in the coming years.

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

Financial Results for the  
Three and Nine Months Ended  
September 30, 2025 and 2024

**STATEMENTS OF INCOME**  
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<b>Net sales</b>	\$ <u>2,264,261</u>	\$ <u>3,060,113</u>	\$ <u>7,583,613</u>	\$ <u>9,705,262</u>
<b>Costs and expenses:</b>				
Cost of sales	1,311,192	1,408,866	3,775,122	4,526,446
Operating expenses	620,893	591,047	1,947,678	1,762,689
Research and development expense	<u>117,104</u>	<u>111,072</u>	<u>339,366</u>	<u>325,714</u>
<b>Total costs and expenses</b>	<u>2,049,189</u>	<u>2,110,985</u>	<u>6,062,166</u>	<u>6,614,849</u>
<b>Income from operations</b>	<u>215,072</u>	<u>949,128</u>	<u>1,521,447</u>	<u>3,090,413</u>
<b>Other Income:</b>				
Investment income	75,165	99,934	230,425	298,014
Net gain on marketable securities	<u>36,238</u>	<u>47,223</u>	<u>73,164</u>	<u>79,218</u>
<b>Total other income</b>	<u>111,403</u>	<u>147,157</u>	<u>303,589</u>	<u>377,232</u>
<b>Income before provision for income taxes</b>	326,475	1,096,285	1,825,036	3,467,645
<b>Provision for income taxes</b>	<u>58,034</u>	<u>230,801</u>	<u>368,874</u>	<u>720,494</u>
<b>Net income</b>	\$ <u>268,441</u>	\$ <u>865,484</u>	\$ <u>1,456,162</u>	\$ <u>2,747,151</u>
<b>Earnings per common share (Basic and Diluted)</b>	\$ <u>0.06</u>	\$ <u>0.19</u>	\$ <u>0.32</u>	\$ <u>0.60</u>
<b>Weighted average shares (Basic and Diluted)</b>	4,594,319	4,594,319	4,594,319	4,594,319

# BALANCE SHEETS

## ASSETS

	<b>SEPTEMBER 30, 2025</b> (UNAUDITED)	<b>DECEMBER 31, 2024</b> (AUDITED)
<b>Current assets:</b>		
Cash and cash equivalents	\$ 860,836	\$ 1,875,655
Marketable securities	7,443,756	7,522,625
Accounts receivable, net of allowance for credit losses of \$14,092 at September 30, 2025 and \$14,342 at December 31, 2024	1,161,703	1,428,455
Inventories, net	1,408,703	1,451,995
Prepaid expenses and other current assets	153,669	207,804
Prepaid income taxes	<u>218,226</u>	<u>179,017</u>
<b>Total current assets</b>	<b><u>11,246,893</u></b>	<b><u>12,665,551</u></b>
<b>Deferred income taxes (net)</b>	<b><u>18,094</u></b>	<b><u>175,397</u></b>
<b>Net property, plant, and equipment:</b>		
Land	69,000	69,000
Factory equipment and fixtures	4,775,707	4,743,238
Building and improvements	<u>3,340,339</u>	<u>3,336,352</u>
<b>Total property, plant, and equipment</b>	8,185,046	8,148,590
Less: Accumulated depreciation	<u>7,269,688</u>	<u>7,192,203</u>
<b>Total property, plant, and equipment, net</b>	<b><u>915,358</u></b>	<b><u>956,387</u></b>
<b>TOTAL ASSETS</b>	<b>\$ <u>12,180,345</u></b>	<b>\$ <u>13,797,335</u></b>

**BALANCE SHEETS**  
(continued)

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	<b>SEPTEMBER 30, <u>2025</u></b> (UNAUDITED)	<b>DECEMBER 31, <u>2024</u></b> (AUDITED)
<b>Current liabilities:</b>		
Accounts payable	\$ 244,964	\$ 425,003
Accrued expenses	1,341,540	1,467,933
Dividends payable	<u>11,405</u>	<u>21,533</u>
<b>Total current liabilities</b>	<b>\$ <u>1,597,909</u></b>	<b>\$ <u>1,914,469</u></b>
<b>Total liabilities</b>	<b>\$ <u>1,597,909</u></b>	<b>\$ <u>1,914,469</u></b>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
Common stock (at \$.10 par value) (10,000,000 shares authorized; 4,594,319 shares issued and outstanding at September 30, 2025 and December 31, 2024)	459,432	459,432
Retained earnings	<u>10,123,004</u>	<u>11,423,434</u>
<b>Total stockholders' equity</b>	<b><u>10,582,436</u></b>	<b><u>11,882,866</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ <u>12,180,345</u></b>	<b>\$ <u>13,797,335</u></b>

\* More detailed financial information can be found in the company's Form 10-Q for the third quarter of 2025, which can be found on the company's web site at [www.u-g.com](http://www.u-g.com).