

Letter to Stockholders

Dear Stockholder:

We are pleased to announce that sales increased by \$739,906 (28%) during the second quarter of 2024 compared with the same period in 2023. Sales increased for cosmetic ingredients, medical lubricants, and pharmaceuticals. Cosmetic ingredients sales increased by \$646,487 (84%) and medical lubricants sales increased by \$74,655 (15%) while sales of pharmaceuticals increased by \$37,063 (3%). We continue to see strong sales in our cosmetic ingredient category. The increase in sales of our cosmetic ingredients primarily came from our largest distributor, Ashland Specialty Ingredients (“ASI”). ASI continues to see sales increases in the Asia Pacific territory, with the largest increases coming from China. The increase in pharmaceutical sales was the result of the steadily recovering sales of Renacidin[®], our most important pharmaceutical product, after the temporary shutdown of 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.

In June we initiated a focus group study with Renacidin to determine how we could increase market awareness on the part of physicians and caregivers, and thereby further increase Renacidin sales. The study was designed to gain an understanding of indwelling catheter protocol utilized by healthcare professionals. The study confirmed that Renacidin is widely recognized by healthcare professionals, and that the product fills a need in the market. The study provided valuable information that will enable us to expand product awareness, understand the insurance coverage landscape, and alleviate availability concerns. We also learned that additional studies may be needed to gain insight into how this product can be used in emergency settings. The information provided by this study, as well as from any subsequent studies, will be used to further our expansion of Renacidin within the United States (“U.S.”) and possibly countries outside the U.S.

We continue to have discussions with our distributors and seek opportunities to expand our market position. We are working with ASI on a new distribution agreement for our cosmetic ingredients. ASI is currently reviewing the agreement, and we will be meeting with them over the next few weeks for further discussions. We hope to have that agreement finalized in the third quarter. We continue to conduct business with ASI as we have previously, 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. We recently had in-person meetings with members of Brenntag’s U.S. team to discuss feedback on our sexual wellness ingredients from their customers. Brenntag has received numerous requests for samples and prototypes containing Natrajel[®] products, and already has customers that are evaluating our Natrajel ingredients for use in new development projects. The Brenntag team has also identified an additional territory that they believe has strong potential for growth, and we are in the process of negotiating an extension to our current agreement to add that territory.

We are in the final stages of completing a marketing agreement for the distribution of our medical lubricants in two European countries. We expect the agreement to be signed shortly. We are also looking into the possibility of expanding sales of our medical lubricants to additional European countries, as well as countries in the Middle East and Africa, once the initial marketing activities for this product line have begun.

Our research team is continuing to develop new and innovative cosmetic ingredients, for skin care and hair care applications. We have a new skin care ingredient that we intend to launch sometime next year, and are in the process of creating the data package required for a successful launch. We plan to provide a developmental sample to certain distributors for feedback. We also developed a new hair care ingredient that will complete its first round of testing in the next few months, and will then be provided to some of our distributors for their initial evaluations. In the sexual wellness category, our team is creating a new Natrajel ingredient to meet the needs of customers, as well as exploring additional tests for claims substantiation. We are also developing new products for several of our medical customers. These projects are in various stages of development, and we continue to collaborate with our customers to support their ongoing needs for new products.

As the first half of 2024 is complete, we remain committed to our growth strategy to expand our current market reach and explore new opportunities where growth potential has been identified. We are excited about the new opportunities to increase sales of our various product lines, and are confident that we will be able to continue to develop new and exciting cosmetic, medical, and personal care products.

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