

## ImmuCell – An “Udderly” exciting name in the animal health space

### INTRO:



At Perritt Capital Management, we take focused positions in companies where we have a high conviction in their success; and that are out of the mainstream of small cap investing. To highlight our process, we are pleased to present our new series “Marvelous Microcaps - Big Ideas on Small Companies”. This series will profile companies that we believe have a niche in their existing markets or are launching a product that could disrupt their marketplace.

### THE COMPANY:

ImmuCell Corp. (ICCC)<sup>1</sup> is an animal health company headquartered in Portland, Maine. ImmuCell develops and manufactures products addressing common infections that occur in dairy and beef herds. They market these products through an internal sales team spread throughout the United States and Canada, and internationally through distribution partners.

ImmuCell has one primary product line in the marketplace today called First Defense®. First Defense® is the only USDA-approved orally administered scours preventative with claims against three major infections that impact dairy cows. Scours is a leading cause of infections in dairy calves and costs the industry approximately \$740 million dollars a year. First Defense® has the advantage of reducing waste by being administered to only viable calves and reducing unnecessary vaccinations being given to the mother. The company is also pursuing regulatory approval for a *new product* called Re-Tain™ to address an underserved market in sub-clinical mastitis infections that can't be addressed by existing anti-biotics. Mastitis is an infection of a cow's mammary glands that at clinical levels prohibits the cow from producing commercially viable milk. In any given year it can impact 20-25% of a dairy herd. ImmuCell's Re-Tain™ is intended to address infections at the pre-clinical level, meaning prior to the infection being so severe that the animal is removed from the milking herd. They accomplish this by using an active ingredient that does not require the cow be removed from the milking herd during treatment because unlike the current standard of care, the active ingredient is not an anti-biotic also used in humans.

This is the first of our ongoing “**Marvelous Microcaps - Big Ideas on Small Companies**” series.

### WHY WE OWN: THE PERRITT ADVANTAGE

We view the competitive advantage for ICCC to come from three different characteristics: They have a set of product lines differentiated from the competition in terms of the pathologies they address and the active ingredients used, they have products that are more targeted in their treatment methodologies which reduces waste and ultimately provides great economic benefit to their customers, and they have invested in a *new product line* that could change the market for mastitis treatment in that it addresses the problem before the animal is clinically infected and has to be pulled from the milking herd and be treated with anti-biotics. Currently, mastitis costs the dairy industry \$2 billion per year and Re-Tain™ could help lower those losses to farmers, thus making it a *disruptive entry* into its marketplace. The company expects a decision on regulatory approval to take place in the second half of 2022. The

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company has made significant investments in both their manufacturing capabilities as well as their sales and marketing efforts in the last several years and that growth is showing in their numbers. In the most recent quarter ending September 30, 2021, they reported revenue growth of 38% of a year-over-year basis. Based on our own research including years of dialogue with management, we believe that they have the opportunity to disrupt the standard of care in their end market with the launch of Re-Tain™.

We consider this a high conviction name, and it is a top ten holding as a percent of fund assets in the Ultra MicroCap Fund, currently standing at 2.0% as of October 31, 2021 versus making up just .01% of the Russell Microcap Index. ImmuCell currently does not have any analyst coverage from a major research firm, and we believe that may be due to the esoteric nature of their markets that it has so far escaped the attention of much of the investing public. With the additional expected product line and the increased resources allocated to marketing their products, we believe that ImmuCell is a unique, potentially disruptive, and undervalued investment in the animal health and wellness space.

ImmuCell gives shareholders in our MicroCap Funds exposure to Perritt’s active, fundamental bottom-up process and portfolio management versus a passive investment in a Microcap Index.

### **Perritt. Marvelous Microcaps - Big Ideas on Small Companies.**

Data here is obtained from what are considered reliable sources; however, its accuracy, completeness, or reliability cannot be guaranteed. <sup>1</sup>Source: ImmuCell.com

Fund holdings and sector allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. As of 10/31/21, The Perritt MicroCap Opportunities Fund does not hold ImmuCell.

**Russell Microcap Index** covers the smallest stocks in the Russell 2000 with market caps between approximately \$50 million and \$300 million. One cannot invest directly in an index.

*Before you invest in the Perritt MicroCap Opportunities Fund or Perritt Ultra MicroCap Fund, please refer to the prospectus for important information about the investment company, including investment objectives, risks, charges, and expenses. You may also obtain a hard copy of the [prospectus](#) by calling 800-331-8936. The [prospectus](#) should be read carefully before you invest.*

**Mutual fund investing involves risk. Principal loss is possible. The Funds invest in smaller companies, which involve additional risks, such as limited liquidity and greater volatility. The Funds invest in microcap companies which tend to perform poorly during times of economic stress. The Ultra MicroCap Fund may invest in early-stage companies which tend to be more volatile and somewhat more speculative than investments in more established companies.**

**Past Performance does not guarantee future results.**

The Perritt Funds are distributed by Quasar Distributors, LLC.

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