



PERRITT MICROCAP OPPORTUNITIES FUND

Core Financial Statements
October 31, 2024

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PERRITT MICROCAP OPPORTUNITIES FUND
SCHEDULE OF INVESTMENTS
October 31, 2024

	Shares	Value		Shares	Value
COMMON STOCKS - 97.8%					
Aerospace & Defense - 0.2%			Distributors - 0.3%		
VirTra, Inc. ^(a)	20,000	\$ 122,000	Alliance Entertainment Holding Corp. ^(a) . . .	40,000	\$ 195,200
Air Freight & Logistics - 3.4%			Diversified Consumer Services - 2.1%		
Radiant Logistics, Inc. ^(a)	318,500	2,118,025	Beachbody Co., Inc. ^(a)	45,000	274,950
Automobile Components - 1.1%			Carriage Services, Inc.	5,000	186,950
Motorcar Parts of America, Inc. ^(a)	57,000	300,390	Lincoln Educational Services Corp. ^(a) . . .	25,000	332,000
Strattec Security Corp. ^(a)	10,102	379,330	Universal Technical Institute, Inc. ^(a) . . .	30,000	499,200
		679,720			1,293,100
Banks - 1.4%			Diversified REITs - 0.3%		
First Internet Bancorp.	16,500	577,005	Modiv Industrial, Inc.	11,000	186,120
Flushing Financial Corp.	10,000	156,750	Electrical Equipment - 2.4%		
Isabella Bank Corp.	6,000	129,900	Broadwind, Inc. ^(a)	124,000	225,680
		863,655	Espey Mfg. & Electronics Corp.	5,500	172,150
Capital Markets - 6.9%			LSI Industries, Inc.	40,000	654,400
Heritage Global, Inc. ^(a)	231,999	394,398	Power Solutions International, Inc. ^(a) . . .	15,000	338,640
Silvercrest Asset Management Group, Inc. - Class A.	165,000	2,875,950	Ultralife Corp. ^(a)	15,000	126,150
U.S. Global Investors, Inc. - Class A . . .	408,000	999,600			1,517,020
		4,269,948	Electronic Equipment, Instruments & Components - 4.8%		
Chemicals - 5.6%			Bel Fuse, Inc. - Class B	14,000	1,055,880
American Vanguard Corp.	40,000	209,200	Coda Octopus Group, Inc. ^(a)	60,000	511,800
Arq, Inc. ^(a)	75,448	442,125	Identiv, Inc. ^(a)	76,000	269,040
Flexible Solutions International, Inc. . . .	132,145	528,580	Napco Security Technologies, Inc.	1,500	57,720
Northern Technologies International Corp.	181,527	2,307,208	Powerfleet, Inc. ^(a)	190,000	955,700
		3,487,113	Richardson Electronics Ltd.	9,996	137,345
Commercial Services & Supplies - 5.9%					2,987,485
CECO Environmental Corp. ^(a)	20,000	476,000	Energy Equipment & Services - 2.9%		
Perma-Fix Environmental Services, Inc. ^(a)	163,000	2,187,460	Drilling Tools International Corp. ^(a)	20,000	67,000
Quest Resource Holding Corp. ^(a)	126,581	987,332	Gulf Island Fabrication, Inc. ^(a)	20,000	110,200
		3,650,792	Natural Gas Services Group, Inc. ^(a)	15,100	295,507
Communications Equipment - 2.1%			Newpark Resources, Inc. ^(a)	120,000	799,200
Aviat Networks, Inc. ^(a)	16,000	327,200	Profire Energy, Inc. ^(a)	200,000	500,000
BK Technologies Corp. ^(a)	15,000	419,850			1,771,907
Ceragon Networks, Ltd. ^(a)	200,000	496,000	Entertainment - 0.3%		
Westell Technologies, Inc. - Class A ^(a) . . .	20,000	32,400	WildBrain Ltd. ^(a)	270,000	213,300
		1,275,450	Financial Services - 3.3%		
Construction & Engineering - 2.5%			A-Mark Precious Metals, Inc.	25,000	971,250
Bowman Consulting Group Ltd. ^(a)	12,500	253,750	Cantaloupe, Inc. ^(a)	25,000	221,500
Matrix Service Co. ^(a)	30,000	336,900	SWK Holdings Corp. ^(a)	20,000	328,200
Northwest Pipe Co. ^(a)	22,000	987,580	Usio, Inc. ^(a)	380,000	524,400
		1,578,230			2,045,350
Consumer Finance - 1.3%			Food Products - 1.0%		
EZCORP, Inc. - Class A ^(a)	70,000	804,300	Alico, Inc.	5,000	122,550
Janover, Inc. ^(a)	38,901	21,396	Mama's Creations, Inc. ^(a)	60,000	447,000
		825,696	Sow Good Inc. ^(a)	3,000	27,900
					597,450

The accompanying notes are an integral part of these financial statements.

PERRITT MICROCAP OPPORTUNITIES FUND
SCHEDULE OF INVESTMENTS
October 31, 2024 (Continued)

	Shares	Value		Shares	Value
COMMON STOCKS - (Continued)					
Health Care Equipment & Supplies - 2.2%			Metals & Mining - 4.5%		
Accuray, Inc. ^(a)	95,000	\$ 164,350	Ascent Industries Co. ^(a)	20,920	\$ 198,322
Modular Medical, Inc. ^(a)	85,000	184,450	Avino Silver & Gold Mines Ltd. ^(a)	665,000	864,500
Pro-Dex, Inc. ^(a)	6,000	186,120	Endeavour Silver Corp. ^(a)	150,000	756,000
Sensus Healthcare, Inc. ^(a)	125,586	803,750	Fortitude Gold Corp.	41,429	226,202
		<u>1,338,670</u>	McEwen Mining, Inc. ^(a)	78,000	741,780
					<u>2,786,804</u>
Health Care Providers & Services - 2.2%			Mortgage Real Estate Investment Trusts (REITs) - 1.2%		
InfuSystem Holdings, Inc. ^(a)	38,000	235,220	Chicago Atlantic Real Estate Finance, Inc.	50,950	770,364
Quipt Home Medical Corp. ^(a)	162,500	425,750			
Viemed Healthcare, Inc. ^(a)	85,000	726,750			
		<u>1,387,720</u>			
Health Care Technology - 0.4%			Oil, Gas & Consumable Fuels - 4.0%		
iCAD, Inc. ^(a)	119,000	221,340	Adams Resources & Energy, Inc.	5,000	139,100
			Epsilon Energy Ltd.	20,000	117,800
Hotels, Restaurants & Leisure - 1.5%			Evolution Petroleum Corp.	165,000	849,750
Bragg Gaming Group, Inc. ^(a)	30,000	136,800	Greenfire Resources Ltd. ^(a)	56,850	403,635
Century Casinos, Inc. ^(a)	107,100	359,856	Vaalco Energy, Inc.	115,000	614,100
Galaxy Gaming, Inc. ^(a)	156,621	426,009	Vitesse Energy, Inc.	15,000	373,050
		<u>922,665</u>			<u>2,497,435</u>
Household Durables - 3.7%			Pharmaceuticals - 2.2%		
Legacy Housing Corp. ^(a)	78,000	1,934,400	Assertio Holdings, Inc. ^(a)	291,250	299,988
Lovesac Co. ^(a)	12,000	349,920	Biote Corp. ^(a)	71,987	367,134
		<u>2,284,320</u>	High Tide, Inc. ^(a)	125,000	352,500
Interactive Media & Services - 0.6%			Medexus Pharmaceuticals, Inc. ^(a)	130,100	221,690
DHI Group, Inc. ^(a)	225,000	369,000	ProPhase Labs, Inc. ^(a)	60,000	137,400
					<u>1,378,712</u>
IT Services - 2.3%			Professional Services - 5.5%		
Data Storage Corp. ^(a)	25,000	86,000	Asure Software, Inc. ^(a)	28,877	286,460
Information Services Group, Inc.	144,000	442,080	BGSF, Inc.	20,886	155,183
Research Solutions, Inc. ^(a)	340,000	894,200	DLH Holdings Corp. ^(a)	176,500	1,429,650
		<u>1,422,280</u>	Hudson Global, Inc. ^(a)	50,650	763,802
Life Sciences Tools & Services - 0.2%			IBEX Holdings Ltd. ^(a)	13,000	233,480
ChromaDex Corp. ^(a)	40,000	139,600	Where Food Comes From, Inc. ^(a)	14,500	163,270
			Willdan Group, Inc. ^(a)	8,000	378,480
Machinery - 8.2%					<u>3,410,325</u>
Commercial Vehicle Group, Inc. ^(a)	77,557	225,691	Semiconductors & Semiconductor Equipment - 1.1%		
Gencor Industries, Inc. ^(a)	39,367	784,190	Photonics, Inc. ^(a)	30,000	684,000
Manitowoc Co., Inc. ^(a)	9,000	84,060			
Mayville Engineering Co., Inc. ^(a)	30,000	614,100	Software - 1.9%		
Miller Industries, Inc.	40,000	2,625,600	American Software, Inc. - Class A.	21,720	229,146
Shyft Group, Inc.	25,000	323,000	Issuer Direct Corp. ^(a)	14,218	138,199
Taylor Devices, Inc. ^(a)	4,500	211,590	Mitek Systems, Inc. ^(a)	35,000	300,650
TechPrecision Corp. ^(a)	60,500	214,170	NetSol Technologies, Inc. ^(a)	20,639	61,298
		<u>5,082,401</u>	Ooma, Inc. ^(a)	40,000	478,400
Marine Transportation - 0.7%					<u>1,207,693</u>
Euroseas Ltd.	10,000	414,100	Specialized REITs - 0.2%		
			Global Self Storage, Inc.	25,000	125,500
Media - 0.3%					
Creative Realities, Inc. ^(a)	50,299	208,238			

The accompanying notes are an integral part of these financial statements.

PERRITT MICROCAP OPPORTUNITIES FUND
SCHEDULE OF INVESTMENTS
October 31, 2024 (Continued)

	<u>Shares</u>	<u>Value</u>
COMMON STOCKS - (Continued)		
Specialty Retail - 1.7%		
Build-A-Bear Workshop, Inc.	15,000	\$ 571,350
J Jill, Inc.	5,000	119,550
Xcel Brands, Inc. ^(a)	494,000	<u>389,964</u>
		<u>1,080,864</u>
Technology Hardware, Storage & Peripherals - 1.0%		
Immersion Corp.	70,000	<u>590,100</u>
Textiles, Apparel & Luxury Goods - 2.2%		
Lakeland Industries, Inc.	49,000	910,910
Superior Group of Cos., Inc.	30,000	<u>442,500</u>
		<u>1,353,410</u>
Trading Companies & Distributors - 1.4%		
BlueLinx Holdings, Inc. ^(a)	5,000	547,300
FGI Industries Ltd. ^(a)	70,000	67,900
Karat Packaging, Inc.	10,000	<u>267,000</u>
		<u>882,200</u>
Water Utilities - 0.8%		
Global Water Resources, Inc.	17,000	212,330
Pure Cycle Corp. ^(a)	30,000	<u>315,600</u>
		<u>527,930</u>
TOTAL COMMON STOCKS		
(Cost \$38,554,612)		<u>60,763,232</u>
TOTAL INVESTMENTS - 97.8%		
(Cost \$38,554,612)		\$60,763,232
Money Market Deposit		
Account - 2.5% ^(b)		1,526,083
Liabilities in Excess of Other		
Assets - (0.3)%		<u>(196,292)</u>
TOTAL NET ASSETS - 100.0%		
		<u>\$62,093,023</u>

Percentages are stated as a percent of net assets.

The Global Industry Classification Standard ("GICS[®]") was developed by and/or is the exclusive property of MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). GICS[®] is a service mark of MSCI and S&P and has been licensed for use by U.S. Bank Global Fund Services.

REIT - Real Estate Investment Trust

^(a) Non-income producing security.

^(b) The U.S. Bank Money Market Deposit Account (the "MMDA") is a short-term vehicle in which the Fund holds cash balances. The MMDA will bear interest at a variable rate that is determined based on market conditions and is subject to change daily. The rate as of October 31, 2024 was 4.63%.

The accompanying notes are an integral part of these financial statements.

PERRITT MICROCAP OPPORTUNITIES FUND
STATEMENT OF ASSETS AND LIABILITIES
October 31, 2024

ASSETS:

Investments at value	\$ 60,763,232
Cash and cash equivalents	1,526,083
Receivable for fund shares issued	2,162
Dividends and interest receivable	24,085
Prepaid expenses	<u>10,231</u>
Total assets	<u>62,325,793</u>

LIABILITIES:

Payable for investments purchased	54,870
Payable for fund shares purchased	8,431
Payable to Advisor	55,273
Payable to Officer & Directors	22,260
Accrued accounting expense	10,435
Accrued administration expense	14,252
Accrued audit expense	26,220
Accrued printing & mailing expense	11,748
Accrued transfer agent expense	19,072
Other accrued expenses & liabilities	<u>10,209</u>
Total liabilities	<u>232,770</u>

NET ASSETS	<u>\$ 62,093,023</u>
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Net Assets Consist of:

Capital stock	\$ 40,332,363
Total distributable earnings	<u>21,760,660</u>
Total net assets	<u>\$ 62,093,023</u>

Capital Stock, \$0.0001 par value

Authorized	100,000,000
Outstanding	2,621,370
Net assets	62,093,023
Net asset value and offering price per share	\$ 23.69
Cost of investments	\$ 38,554,612

The accompanying notes are an integral part of these financial statements.

PERRITT MICROCAP OPPORTUNITIES FUND
STATEMENT OF OPERATIONS
For the Year Ended October 31, 2024

INVESTMENT INCOME:

Dividend income (net of \$1,500 foreign withholding tax)	\$ 639,989
Interest income	<u>61,788</u>
Total investment income	<u>701,777</u>

EXPENSES:

Investment advisory fee	532,465
Shareholder servicing	115,141
Administration fee	71,010
Fund accounting expenses	53,010
Professional fees	49,304
Officer & directors' fees & expenses	47,766
Federal & state registration fees	21,379
Other expense	14,182
Custodian fees	7,387
Printing & mailing fees	<u>6,910</u>
Total expenses	<u>918,554</u>
Net investment loss	<u>(216,777)</u>

REALIZED AND UNREALIZED GAIN ON INVESTMENTS:

Net realized gain on investments	4,229,023
Change in unrealized appreciation on investments ^(a)	<u>4,448,659</u>
Net realized and unrealized gain on investments	<u>8,677,682</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u><u>\$8,460,905</u></u>

(a) Change in unrealized appreciation (depreciation) does not include net unrealized appreciation (depreciation) of \$2,899,050 in connection with the Fund's reorganization. See Note 8 in the Notes to Financial Statements.

The accompanying notes are an integral part of these financial statements.

PERRITT MICROCAP OPPORTUNITIES FUND
STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended October 31,	
	2024	2023
OPERATIONS:		
Net investment income (loss)	\$ (216,777)	\$ 216,639
Net realized gain on investments.	4,229,023	4,245,869
Net change in unrealized appreciation/(depreciation) on investments	4,448,659	(2,791,073)
Net increase in net assets resulting from operations	8,460,905	1,671,435
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS:		
Distributable Earnings	(8,059,299)	(1,722,564)
Total dividends and distributions.	(8,059,299)	(1,722,564)
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares issued	1,998,681	2,091,708
Proceeds from shares issued in connection with reorganization (Note 8).	9,217,519	—
Reinvestment of distributions	7,851,878	1,656,524
Cost of shares redeemed	(8,275,555)	(7,538,194)
Redemption fees	174	369
Net increase/(decrease) in net assets from capital share transactions	10,792,697	(3,789,593)
Total increase/(decrease) in net assets	11,194,303	(3,840,722)
NET ASSETS		
Beginning of the year	50,898,720	54,739,442
End of the year.	\$62,093,023	\$50,898,720
CAPITAL SHARE TRANSACTIONS:		
Shares sold.	81,416	87,888
Shares issued on reinvestment of distributions	336,145	70,073
Shares redeemed	(340,128)	(311,342)
Shares issued in connection with reorganization (Note 8)	385,389	—
Net increase/(decrease) from capital share transactions	462,822	(153,381)

The accompanying notes are an integral part of these financial statements.

PERRITT MICROCAP OPPORTUNITIES FUND
FINANCIAL HIGHLIGHTS

For a Fund share outstanding throughout the year

	For the Years Ended October 31,				
	2024	2023	2022	2021	2020
Net asset value, beginning of year	\$ 23.58	\$ 23.68	\$ 32.02	\$ 19.51	\$ 23.12
INCOME/(LOSS) FROM INVESTMENT OPERATIONS:					
Net investment income (loss) ²	(0.10)	0.10	(0.11)	(0.15)	(0.15)
Net realized and unrealized gain (loss) on investments	4.01	0.56	(3.95)	12.66	(2.66)
Total from investment operations	3.91	0.66	(4.06)	12.51	(2.81)
LESS DIVIDENDS AND DISTRIBUTIONS:					
From net realized gains.	(3.80)	(0.76)	(4.28)	—	(0.80)
Total dividends and distributions	(3.80)	(0.76)	(4.28)	—	(0.80)
Redemption fees ^{2,3}	0.00	0.00	0.00	0.00	0.00
Net asset value, end of year	\$ 23.69	\$ 23.58	\$ 23.68	\$ 32.02	\$ 19.51
Total return ¹	17.56%	2.76%	(14.95)%	64.12%	(12.46)%
SUPPLEMENTAL DATA AND RATIOS:					
Net assets, end of year (in thousands)	\$62,093	\$50,899	\$54,739	\$72,496	\$52,756
Ratio of net expenses to average net assets	1.73%	1.65%	1.56%	1.56%	1.64%
Ratio of net investment income (loss) to average net assets	(0.41)%	0.39%	(0.43)%	(0.53)%	(0.73)%
Portfolio turnover rate.	13.5%	20.5%	23.0%	23.5%	19.1%

¹ Total return reflects reinvested dividends but does not reflect the impact of taxes.

² Net investment income (loss) and redemption fees per share have been calculated based on average shares outstanding during the year.

³ Amount is less than \$0.01 per share.

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION

Perritt Funds, Inc. (the “Corporation”) was organized on March 19, 2004 as a Maryland corporation and is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end investment company, with each of the series below being a diversified fund. The Corporation currently consists of the Perritt MicroCap Opportunities Fund (“MicroCap Fund” or the “Fund”). Perritt MicroCap Opportunities Fund, Inc., the predecessor to the MicroCap Fund, commenced operations on April 11, 1988. As part of a plan of reorganization, on February 28, 2013, Perritt MicroCap Opportunities Fund, Inc. merged into the MicroCap Fund, a series within the Corporation. The MicroCap Fund’s investment objective is to invest in mainly common stocks of companies with market capitalizations that are below \$500 million at the time of the initial purchase. The Fund is an investment company and accordingly follow the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946 “Financial Services – Investment Companies.”

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Cash and cash equivalents include cash and overnight investments in interest-bearing demand deposits with a financial institution with maturities of three months or less. The Fund maintains deposits with a high quality financial institution in an amount that is in excess of federally insured limits.
- B. Exchange-listed securities are generally valued at the last sales price reported by the principal security exchange on which the security is traded, or if no sale is reported, the mean between the latest bid and ask price unless the Fund’s investment advisor believes that the mean does not represent a fair value, in which case the securities are fair valued as set forth below. Securities listed on NASDAQ are valued at the NASDAQ Official Closing Price. Demand notes, commercial paper, U.S. Treasury Bills and warrants are stated at fair value using market prices if available, or a pricing service when such prices are believed to reflect fair value. The money market deposit account is valued at amortized cost. Securities for which market quotations are not readily available are valued at their fair value as determined in good faith by the Fund’s investment advisor. The Fund’s fair value procedures allow for the use of certain methods performed by the Fund’s investment advisor to value those securities for which market quotations are not readily available, at a price that a Fund might reasonably expect to receive upon a sale of such securities. For example, these methods may be based on a multiple of earnings, or a discount from market of a similar freely traded security, or a yield to maturity with respect to debt issues, or a combination of these and other methods.
- C. Net realized gains and losses on securities are computed using the first-in, first-out method.
- D. Dividend income is recognized on the ex-dividend date, and interest income is recognized on the accrual basis. Withholding taxes on foreign dividends and capital gains, which are included as a component of net investment income and realized gain (loss) on investments, respectively, have been provided for in accordance with the Fund’s understanding of the applicable country’s tax rules and rates. Discounts and premiums on securities purchased are amortized over the life of the respective securities using the interest method. Distributions received from real estate investment trusts (“REITs”) are classified as investment income or realized gains based on the U.S. income tax characteristics of the distribution. Return of capital distributions received from REIT securities and partnerships are recorded as an adjustment to the cost of the security and thus may impact unrealized or realized gains or losses on the security. Investment and shareholder transactions are recorded on the trade date.
- E. Provision has not been made for federal income tax since the Fund has elected to be taxed as a “regulated investment company” and intend to distribute substantially all income to their shareholders and otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies.
- F. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

PERRITT FUNDS, INC.
NOTES TO FINANCIAL STATEMENTS
October 31, 2024 (Continued)

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

- G. Dividends from net investment income and net realized capital gains, if any, are declared and paid annually. Distributions to shareholders are recorded on the ex-dividend date. The Fund may utilize earnings and profit distributed to shareholders on redemption of shares as part of the dividends paid deduction. The Fund may periodically make reclassifications among certain of their capital accounts as a result of the timing and characterization of certain income and realized gain distributions, including reclassifying net operating loss, as determined annually in accordance with federal tax regulations which may differ from GAAP. The MicroCap Fund has reclassified the components of its capital accounts for the year ended October 31, 2024 by increasing paid-in capital by \$240,383 and decreasing distributable earnings/(losses) by \$240,383. These adjustments were primarily due to the utilization of earnings and profits distributed to shareholders on redemptions of shares and the write off of net operating losses.
- H. As of and during the year ended October 31, 2024, the Fund did not have a liability for any unrecognized tax benefits. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense on the Statement of Operations. During the year ended October 31, 2024, the Fund did not incur any interest or penalties. The Fund is not subject to examination by U.S. federal tax authorities for any tax years before 2021.

3. SECURITY VALUATION

GAAP establishes an authoritative definition of fair value and sets out a hierarchy for measuring fair value. GAAP also requires additional disclosures about the various inputs used to develop the measurements of fair value. These inputs are summarized in the three broad levels listed below:

Level 1 – Quoted prices in active markets for identical securities that the Fund has the ability to access.

Level 2 – Other significant observable inputs (including quoted prices for similar securities or the identical security on an inactive market, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Fund's net assets as of October 31, 2024:

Perritt MicroCap Opportunities Fund

Description	Level 1	Level 2	Level 3	Total
Investments in Securities				
Common Stocks				
Communication Services	\$ 790,538	\$ —	\$ —	\$ 790,538
Consumer Discretionary	8,780,529	—	—	8,780,529
Consumer Staples	597,450	—	—	597,450
Energy	4,269,342	—	—	4,269,342
Financial	7,803,763	—	—	7,803,763
Health Care	4,466,042	—	—	4,466,042
Industrials	18,775,093	—	—	18,775,093
Information Technology	8,167,008	—	—	8,167,008
Materials	6,273,917	—	—	6,273,917
Real Estate	311,620	—	—	311,620
Utilities	527,930	—	—	527,930
Total Common Stocks	60,763,232	—	—	60,763,232
Total Investments in Securities	\$60,763,232	\$ —	\$ —	\$60,763,232

PERRITT FUNDS, INC.
NOTES TO FINANCIAL STATEMENTS
October 31, 2024 (Continued)

Please refer to the Schedule of Investments for additional information regarding the composition of the amounts listed above.

Rule 2a-5 under the 1940 Act permits fund boards to designate a fund's investment advisor to perform fair value determinations, subject to board oversight and certain other conditions. The rule also defines when market quotations are "readily available" for purposes of the 1940 Act and requires a fund to fair value a portfolio investment when a market quotation is not readily available. The Board of Directors has designated the Fund's investment advisor as its valuation designee to perform fair value determinations.

4. INVESTMENT ADVISORY AGREEMENT

For the Fund, the Corporation entered into an investment advisory agreement (collectively, the "Agreements") with Perritt Capital Management, Inc. (the "Advisor"), with whom certain officers and directors of the Corporation are affiliated, to furnish investment advisory services to the Fund. Under the terms of the Agreements, the MicroCap Fund pays the Advisor a monthly fee at the annual rate of 1.00% of the Fund's daily average net assets. At October 31, 2024, the MicroCap Fund had fees due to the Advisor of \$55,273. For the year ended October 31, 2024, the MicroCap Fund had incurred advisory fees of \$532,465.

The Advisor manages the Fund's investments subject to the supervision of the Fund's Board of Directors. The Advisor is responsible for investment decisions and supplies investment research and portfolio management. Under the Agreements, the Advisor, at its own expense and without reimbursement from the Fund, will furnish office space and all necessary office facilities, equipment and personnel for making the investment decisions necessary for managing the Fund and maintaining their organization, will pay the salaries and fees of all officers and directors of the Fund (except the Chief Compliance Officer's salary and the fees paid to disinterested directors) and will bear all sales and promotional expenses of the Fund.

The officers of the Fund are affiliated with the Advisor. Such officers, with the exception of the Chief Compliance Officer, receive no compensation from the Fund or the Advisor for serving their respective roles. The Fund pay the salary associated with the office of the Chief Compliance Officer. Such fees are included on the Statement of Operations within officer & directors' fees & expenses.

The Fund reimbursed the Advisor for fees paid to financial intermediaries such as banks, broker-dealers, financial advisors or other financial institutions for sub-transfer agency, sub-administration and other services that the financial intermediaries provided to their clients, who are beneficial owners of shares of the Fund. The financial intermediaries are the record owners of the Fund on the Fund's records through omnibus accounts, other group accounts, retirement plans or accounts traded through registered securities clearing agents. These fees are fees that the Fund are obligated to pay to such intermediaries, and the fees may vary based on, for example, the nature of services provided. The fees paid to such intermediaries by the Fund are only a portion of the full fee that is paid to the intermediaries, and the Advisor is obligated to pay the remaining amount. In determining the portion of the fees paid to the intermediaries that the Fund are obligated to pay, the Fund has used the "avoided cost" method, which is one of several permissible methods to determine the fees are reasonable. Based on this method, the Fund's Board of Directors determines a fee per sub-account that it believes approximates the transfer agency fee that would otherwise have been payable by the Fund if such intermediaries did not maintain the sub-account. These amounts are included within shareholder servicing fees on the Statement of Operations.

5. INVESTMENT TRANSACTIONS

Purchases and sales of securities, excluding short-term investments, for the year ended October 31, 2024, were as follows:

	Purchases		Sales	
	U.S. Government	Other	U.S. Government	Other
MicroCap Fund.	\$ —	\$7,142,229	\$ —	\$13,513,044

PERRITT FUNDS, INC.
NOTES TO FINANCIAL STATEMENTS
October 31, 2024 (Continued)

6. FEDERAL INCOME TAX MATTERS

As of October 31, 2024, the components of distributable earnings on a tax basis were as follows:

	MicroCap Fund
Cost of investments for tax purposes	<u>\$38,576,076</u>
Gross tax unrealized appreciation	24,986,875
Gross tax unrealized depreciation	<u>(2,799,720)</u>
Net unrealized appreciation on investments	<u>22,187,155</u>
Distributable ordinary income	—
Distributable long-term capital gains	—
Other accumulated losses	<u>(426,495)</u>
Total Distributable Earnings	<u>\$21,760,660</u>

The difference between book and tax basis distributable earnings is primarily related to the deferral of losses on wash sales and REIT adjustments.

A regulated investment company may elect for any taxable year to treat any portion of any qualified late year loss as arising on the first day of the next taxable year. Qualified late year losses are ordinary losses which occur during the portion of the Fund's taxable year subsequent to December 31.

At October 31, 2024, the MicroCap Fund deferred, on a tax basis, late year ordinary losses of \$426,495. During the year ended October 31, 2024, the MicroCap Fund did not utilize capital loss carryforwards. The Fund had no capital loss carryforward for the year ended October 31, 2024.

The tax composition of distributions paid during the years ended October 31, 2024 and 2023 were as follows:

	Ordinary Income		Long-term Capital Gains	
	2024	2023	2024	2023
MicroCap Fund	\$539,629	\$ —	\$7,519,670	\$1,722,564

7. RESTRICTED SECURITIES

The Fund may own investment securities which are unregistered and thus restricted as to resale. These securities are valued by the Fund after giving due consideration to pertinent factors including recent private sales, market conditions and the issuer's financial performance. Where future disposition of these securities requires registration under the Securities Act of 1933, the Fund has the right to include these securities in such registration, generally without cost to the Fund. The Fund has no right to require registration of the unregistered securities they hold. As of October 31, 2024, the Fund did not hold any restricted securities.

Under the organizational documents for the Fund, their officers and directors are indemnified by the Fund against certain liabilities arising out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. Currently, the Fund expect the risk of loss to be remote.

8. REORGANIZATION

Effective October 25, 2024, the Perritt Ultra MicroCap Fund (the "Ultra MicroCap Fund") reorganized into the MicroCap Fund (the "October Reorganization"), pursuant to an Agreement and Plan of Reorganization approved by the Board of Directors. No shareholder approval was required. The MicroCap Fund is the accounting survivor for financial reporting purposes, and as a result, the financial statements and financial highlights of the MicroCap Fund reflect the operations of the MicroCap Fund for the periods prior to the October Reorganization. The Advisor paid all of the costs associated with the October Reorganization.

PERRITT FUNDS, INC.
NOTES TO FINANCIAL STATEMENTS
October 31, 2024 (Continued)

As a tax-free reorganization, any unrealized appreciation or depreciation on the securities on the date of reorganization was treated as a non-taxable event, thus the cost basis of the securities held reflect their historical cost basis as of the date of the reorganization. Immediately prior to the October Reorganization, the net assets, fair value of investments, net unrealized appreciation/(depreciation) and fund shares outstanding of the MicroCap Fund and the Ultra MicroCap Fund were as follows:

Fund	Net Assets	Fair Value of Investments	Net Unrealized Appreciation/Depreciation	Shares Outstanding
MicroCap Fund	\$53,665,023	\$52,819,933	\$19,869,469	2,244,261
Ultra MicroCap Fund	\$ 9,217,519	\$ 8,490,667	\$ 2,899,050	589,854

In connection with the October Reorganization, the net assets of the Ultra MicroCap Fund were acquired by the MicroCap Fund on October 25, 2024. The acquisition was accomplished by a tax-free exchange of all 589,854 shares of the Ultra MicroCap Fund for 385,389 shares of the MicroCap Fund as described in the prior table. The assets received and shares issued by the MicroCap Fund were recorded at market value and, where not available, fair value; and the cost basis of the investments received from the Ultra MicroCap Fund were carried forward to align ongoing reporting of the MicroCap Fund's realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes. Information with respect to the net assets and other relevant operating data for the MicroCap Fund and the Ultra MicroCap Fund on the merger date are included below:

Before October Reorganization	Perritt Ultra MicroCap Fund	Perritt MicroCap Opportunities Fund
Total Fund		
Shares	589,854	2,243,756
Net Assets	\$9,217,519	\$53,665,023
Net Asset Value	\$ 15.63	\$ 23.92
After October Reorganization	Perritt Ultra MicroCap Fund	Perritt MicroCap Opportunities Fund
Total Fund		
Shares	0	2,629,145
Net Assets	\$ 0	\$62,882,543
Net Asset Value	\$ 0	\$ 23.92
Exchange Ratio	0.65336260	—

Assuming the acquisition had been completed on November 1, 2023, the beginning of the annual reporting period of the MicroCap Fund, the Ultra MicroCap Fund's pro forma results of operations for the period ended October 31, 2024, are as follow:*

Net Investment Income:	\$ (322,329)
Net Realized Gains on Investments:	\$ 4,696,065
Net Unrealized Appreciation on Investments:	\$ 5,739,413
Net Increase in Net Assets Resulting from Operations:	\$10,113,149

* This information is unaudited.

9. LINE OF CREDIT ARRANGEMENT

The MicroCap Fund is a party to an uncommitted line of credit arrangement with U.S. Bank, N.A. with an expiration date of December 2, 2024, under which the MicroCap Fund may borrow up to \$2,500,000, subject to certain restrictions and covenants. Interest is charged on borrowings at the prevailing Prime Rate which was 8.00% as of October 31, 2024. The Fund has borrowed under these arrangements from time to time to increase the efficiency of cash flow management. For the year ended October 31, 2024, the MicroCap Fund did not borrow on the line of credit. As of October 31, 2024, the MicroCap Fund had no outstanding borrowings on the line of credit. Subsequent to year end, the MicroCap Fund renewed the line of credit arrangement with a borrowing limit of \$2,500,000. The line of credit agreement has an expiration date of December 1, 2025.

10. REDEMPTION FEE

The Fund charges a 2.00% redemption fee to those who buy and sell shares within 90 calendar days or less. The redemption fee is retained for the benefit of long-term shareholders, and recorded as additional capital in the Statements of Changes in Net Assets.

11. TRANSACTIONS WITH AFFILIATES

During the year ended October 31, 2024, MicroCap Fund did not hold any securities that were considered affiliated.

The Fund is permitted to purchase or sell securities to another Fund under specified conditions outlined in procedures adopted by the Board of Directors. The procedures have been designed to ensure that any purchase or sale of securities by the Fund from or to another fund complies with Rule 17a-7 of the 1940 Act. For the year ended October 31, 2024, the MicroCap Fund engaged in five Rule 17a-7 purchases with an aggregate value of \$472,304, and no resulting realized losses or gains.

12. LIQUIDITY RISK MANAGEMENT (UNAUDITED)

On June 20, 2024 the Directors of the Perritt MicroCap Opportunities Fund, the series of Perritt Funds, Inc., reviewed and considered a written report prepared by the program administrator of the Fund's Liquidity Risk Management Program (the "Program"), the Fund's Liquidity Risk Management Committee (the "Program Administrator"), which addressed the operation of the Program and assessed the Program's adequacy and effectiveness of implementation. In considering the report, the Directors noted that the Program Administrator has determined that the Fund primarily holds assets that are highly liquid investments, and thus relies on the exclusion from the requirements to determine and review a highly liquid investment minimum and to adopt shortfall policies and procedures. They then confirmed with the Program Administrator that no material changes were made to the Program, and reviewed all of the material features of the Program to ensure that they understand how the Program is designed to assess and manage the risk that the Fund could not meet requests to redeem shares issued by the Fund without significant dilution of remaining investors in the Fund. Following this review and discussion, the Directors determined that they believe the disclosures in the report, taken as a whole, provide the information necessary for the Directors to effectively assess the Program and its implementation, and that they are comfortable with the report's conclusion that the Program is reasonably designed to assess and manage the Fund's liquidity risk, and that the Program has operated as intended during the past year.

13. QUALIFIED DIVIDEND INCOME/DIVIDENDS RECEIVED DEDUCTIONS (UNAUDITED)

For the fiscal year ended October 31, 2024, certain dividends paid by the Fund may be subject to a maximum tax rate of 23.8%, as provided for by the Jobs and Growth Tax Reconciliation Act of 2003. The percentage of dividends declared from ordinary income designated as qualified dividend income was as follows:

Fund Name	Qualified Dividend Income
Perritt MicroCap Opportunities Fund	100.00%

For corporate shareholders, the percent of ordinary income distributions qualifying for the corporate dividends received deduction for the fiscal year ended October 31, 2024 was as follows:

Fund Name	Dividends Received Deductions
Perritt MicroCap Opportunities Fund	100.00%

The percentage of taxable ordinary income distributions that are designated as short-term capital gain distributions under Internal Revenue Section 871(k)(2)(C) for the Fund were as follows:

Fund Name	Short-Term Capital Gains
Perritt MicroCap Opportunities Fund	100.00%

PERRITT FUNDS, INC.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Perritt Funds, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Perritt Funds, Inc., comprising Perritt MicroCap Opportunities Fund (the “Fund”), as of October 31, 2024, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of October 31, 2024, the results of its operations for the year then ended, the changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2024, by correspondence with the custodian and broker. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Fund’s auditor since 2009.



COHEN & COMPANY, LTD.
Milwaukee, Wisconsin
December 27, 2024

PERRITT FUNDS, INC.
ADDITIONAL INFORMATION

The Statement of Additional Information (SAI) includes additional information about the Fund's directors and is available, without charge, upon request, by calling 1-800-331-8936.

The Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The Fund's Form N-PORT report is available on the Commission's website at <http://www.sec.gov>

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling the Advisor at 1-800-331-8936 and on the Securities and Exchange Commission's website at <http://www.sec.gov>.

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling 1-800-331-8936 and on the Securities and Exchange Commission's website at <http://www.sec.gov>.

Household Delivery of Shareholder Documents: To reduce expenses, the Fund may mail only one copy of the Fund's prospectus, SAI and each annual and semi-annual report to those addresses shared by two or more accounts. If you wish to receive individual copies of these documents, please call the Funds at 1-800-331-8936 or contact your financial institution. You will begin receiving individual copies thirty days after receiving your request.

Electronic Delivery of Shareholder Documents: You may choose to receive the Fund's prospectus and annual and semi-annual reports electronically. To sign up for electronic delivery, visit www.icsdelivery.com and select the first letter of your brokerage firm's name. Then, select your brokerage institution from the list that follows, fill out the appropriate information and provide an e-mail address where you would like your information sent. If your brokerage firm is not listed, electronic delivery may not be available. Please contact your brokerage firm or financial advisor.

PERRITT FUNDS, INC.
PRIVACY POLICY

We collect the following nonpublic personal information about you:

- Information we receive from you on or in applications or other forms, including but not limited to, your name, address, phone number, and social security number; and
- Information about your transactions with us, our affiliates or others, including but not limited to, your account number and balance, parties to transactions, cost basis information and other financial information.

We do not disclose any nonpublic personal information about our current or former shareholders to nonaffiliated third parties, except as permitted by law. For example, we are permitted by law to disclose all the information we collect to our transfer agent to process your transactions. Furthermore, we restrict access to your nonpublic personal information to those persons who require such information to provide products or services to you. We maintain physical, electronic, and procedural safeguards through our transfer agent, U.S. Bank Global Fund Services, that comply with federal standards to guard your nonpublic personal information.

In the event that you hold shares of the Fund through a financial intermediary, including, but not limited to, a broker-dealer, bank or trust company, the privacy policy of your financial intermediary would govern how your nonpublic personal information would be shared with nonaffiliated third parties.

Perritt Funds

Investment Advisor

Perritt Capital Management, Inc.
300 South Wacker Drive, Suite 600
Chicago, IL 60606-6703
800-331-8936

**Independent Registered
Public Accounting Firm**

Cohen & Company, Ltd.
342 North Water Street, Suite 830
Milwaukee, WI 53202

Legal Counsel

Foley & Lardner LLP
777 East Wisconsin Avenue
Milwaukee, WI 53202

Custodian

U.S. Bank, NA
1555 North River Center Drive, Suite 302
Milwaukee, WI 53212

**Transfer Agent
and Dividend Disbursing Agent**

U.S. Bancorp Fund Services, LLC,
doing business as U.S. Bank Global Fund Services
P.O. Box 701
Milwaukee, WI 53201-0701

Distributor

Quasar Distributors, LLC
111 East Kilbourn Avenue, Suite 2200
Milwaukee, WI 53202

For assistance with your existing account, call our Shareholder Service Center at 1-800-332-3133.

The Fund's Statements of Additional Information contain information about the Fund's directors and are available without charge upon request by calling 1-800-332-3133.

Perritt Funds

MicroCap Opportunities Fund – PRCGX

Minimum Initial Investment \$1,000

IRA Minimum Initial Investment \$250

Dividend Reinvestment Plan

Systematic Withdrawal Plan

Automatic Investment Plan

Retirement Plans Including:

- IRA
- SEP-IRA
- Simple IRA
- Roth IRA
- Coverdell Education Savings Account

2% redemption fee imposed for shares held ninety (90) calendar days or less.

This report is authorized for distribution only to shareholders and others who have received a copy of the prospectus of the Perritt MicroCap Opportunities Fund.

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E-mail: info@PerrittCap.com

Web Site: www.perrittcap.com

Item 8. Changes in and Disagreements with Accountants for Open-End Investment Companies.

There were no changes in or disagreements with accountants during the period covered by this report.

Item 9. Proxy Disclosure for Open-End Investment Companies.

There were no matters submitted to a vote of shareholders during the period covered by this report.

Item 10. Remuneration Paid to Directors, Officers, and Others of Open-End Investment Companies.

For the year ended October 31, 2024, the aggregate remuneration the Registrant paid the directors, all members of any advisory board and any officers are disclosed in the Financial Statements.

Item 11. Statement Regarding Basis for Approval of Investment Advisory Contract.

Not applicable