

ImmuCell

ImmuCell Announces Unaudited Financial Results for the Quarter Ended March 31, 2024

For Immediate Release

PORTLAND, Maine – May 14, 2024 – ImmuCell Corporation (Nasdaq: ICCG) (“ImmuCell” or the “Company”), a growing animal health company that develops, manufactures and markets scientifically proven and practical products that improve the health and productivity of dairy and beef cattle, today announced its unaudited financial results for the quarter ended March 31, 2024.

Management’s Discussion:

“Our preliminary, unaudited product sales for the first quarter of 2024 were first reported on April 9, 2024,” commented Michael F. Brigham, President and CEO of ImmuCell. “We have no changes to those figures.”

Total sales during the three-month period ended March 31, 2024 were 111% above the comparable period ended March 31, 2023. Total sales during the trailing twelve-month period ended March 31, 2024 were 33% above the comparable period ended March 31, 2023. The \$7.3 million in sales recorded during the first quarter of 2024 represents an all-time quarterly sales record for the Company. The next highest quarter was \$6 million recorded during the first quarter of 2022.

After a slowdown during 2023 that was necessary to remediate certain production contamination events, finished goods produced increased steadily from approximately \$3.3 million to \$4 million during the first and second quarters of 2023, respectively, and then further to the average of \$5.2 million per quarter during the six-month period ended December 31, 2023. The Company’s objective is to produce finished goods with an approximate sales value of \$6 million or more per quarter, which would annualize to about 80% or more of its estimated full production capacity of approximately \$30 million. The actual value of the Company’s production capacity varies based on biological and process yields, product format mix, selling price and other factors.

“By implementing and optimizing a multi-year investment to increase our production capacity, we achieved \$7.2 million of production during the first quarter of 2024, which annualizes to \$28.7 million, or about 96% of our \$30 million full capacity estimate,” continued Mr. Brigham.

As the work to increase production output to meet demand continues, the backlog of orders was worth approximately \$9.1 million as of March 31, 2024, which is a small decrease from approximately \$9.4 million as of December 31, 2023 but still a large increase from approximately \$2.5 million as of December 31, 2022.

Certain Financial Results:

- Product sales increased by 111%, or \$3.8 million, to \$7.3 million during the three-month period ended March 31, 2024 compared to \$3.4 million during the three-month period ended March 31, 2023.
- Product sales increased by 33%, or \$5.3 million, to \$21.3 million during the trailing twelve-month period ended March 31, 2024 compared to \$16 million during the trailing twelve-month period ended March 31, 2023.
- Gross margin earned was 32% and 9% of product sales during the three-month periods ended March 31, 2024 and 2023, respectively. The lower gross margin during the three-month period ended March 31, 2023 was largely the result of product contamination events in the production processes that resulted in a slowdown in output and write-offs of scrapped inventory. Remediation measures have been implemented that are anticipated to mitigate the risk of future contamination events.
- Net loss was \$438,000, or \$0.06 per basic share, during the three-month period ended March 31, 2024 in comparison to a net loss of \$2.3 million, or \$0.30 per basic share, during the three-month period ended March 31, 2023.
- EBITDA (a non-GAAP financial measure described on page 5 of this press release) improved to approximately \$377,000 during the three-month period ended March 31, 2024 in contrast to (\$1.6) million during the three-month period ended March 31, 2023.

Balance Sheet Data as of March 31, 2024:

- Cash and cash equivalents decreased to \$960,000 as of March 31, 2024 from \$979,000 as of December 31, 2023, with no draw outstanding on the available \$1 million line of credit as of these dates.
- Net working capital decreased to approximately \$7.2 million as of March 31, 2024 from \$7.3 million as of December 31, 2023.
- Stockholders' equity decreased to \$24.6 million as of March 31, 2024 from \$25 million as of December 31, 2023.

Update on Re-Tain[®] Product Development Initiative:

The FDA recently issued a CMC Technical Section Incomplete Letter (Incomplete Letter) to the Company in response to its third CMC Technical Section submission for **Re-Tain[®]**. Pursuant to the Incomplete Letter, the FDA has provided some minor questions about the Company's submission requiring a re-submission of the CMC Technical Section, which is typically subject to a six-month review. However, the FDA has indicated that this re-submission potentially could be handled through a shortened review period because the open items are not complex. More critical to the timeline, however, is that the FDA has also required that the Company not re-submit the CMC Technical Section until inspectional observations at the facilities of its Drug Product (DP) contract manufacturer are resolved. Given the unique facts and circumstances, the Company is working with the FDA and its DP contract manufacturer to obtain an expedited review.

“We will remain focused on the commercial opportunity we have with **First Defense[®]**, and we intend to persist through yet another regulatory delay in our effort to bring **Re-Tain[®]** to market,” Mr. Brigham concluded.

Cautionary Note Regarding Forward-Looking Statements (Safe Harbor Statement):

This Press Release and the statements to be made in the related conference call referenced herein contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts, and will often include words such as “expects”, “may”, “anticipates”, “aims”, “intends”, “would”, “could”, “should”, “will”, “plans”, “believes”, “estimates”, “targets”, “projects”, “forecasts”, “seeks” and similar words and expressions. Such statements include, but are not limited to, any forward-looking statements relating to: our plans and strategies for our business; projections of future financial or operational performance; the timing and outcome of pending or anticipated applications for regulatory approvals; future demand for our products; the scope and timing of ongoing and future product development work and commercialization of our products; future costs of product development efforts; the expected efficacy or impact of new products; estimates about the market size for our products; future market share of and revenue generated by current products and products still in development; our ability to increase production output and reduce costs of goods sold per unit; the adequacy of our own manufacturing facilities or those of third parties with which we have contractual relationships to meet demand for our products on a timely basis; the efficacy or timeline to complete our contamination remediation efforts; the likelihood, severity or impact of future contamination events; the robustness of our manufacturing processes and related technical issues; estimates about our production capacity, efficiency and yield; future regulatory requirements relating to our products; future expense ratios and margins; the effectiveness of our investments in our business; anticipated changes in our manufacturing capabilities and efficiencies; our effectiveness in competing against competitors within both our existing and our anticipated product markets; and any other statements that are not historical facts. These statements are intended to provide management's current expectation of future events as of the date of this Press Release, are based on management's estimates, projections, beliefs and assumptions as of the date hereof; and are not guarantees of future performance. Such statements involve known and unknown risks and uncertainties that may cause the Company's actual results, financial or operational performance or achievements to be materially different from those expressed or implied by these forward-looking statements, including, but not limited to, those risks and uncertainties relating to: difficulties or delays in development, testing, regulatory approval, production and marketing of our products (including the **First Defense**[®] product line and **Re-Tain**[®]), competition within our anticipated product markets, customer acceptance of our new and existing products, product performance, alignment between our manufacturing resources and product demand (including the consequences of backlogs), uncertainty associated with the timing and volume of customer orders as we come out of a prolonged backlog, adverse impacts of supply chain disruptions on our operations and customer and supplier relationships, commercial and operational risks relating to our current and planned expansion of production capacity, and other risks and uncertainties detailed from time to time in filings we make with the Securities and Exchange Commission (SEC), including our Quarterly Reports on Form 10-Q, our Annual Reports on Form 10-K and our Current Reports on Form 8-K. Such statements involve risks and uncertainties and are based on our current expectations, but actual results may differ materially due to various factors. In addition, there can be no assurance that future risks, uncertainties or developments affecting us will be those that we anticipate. We undertake no obligation to update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Condensed Statements of Operations (Unaudited)

(In thousands, except per share amounts)	During the Three-Month Periods Ended March 31,	
	2024	2023
Product sales	\$7,258	\$3,447
Costs of goods sold	4,963	3,146
Gross margin	2,295	301
Product development expenses	1,263	1,110
Sales, marketing and administrative expenses	1,332	1,447
Operating expenses	2,595	2,557
NET OPERATING LOSS	(300)	(2,256)
Other expenses, net	137	57
LOSS BEFORE INCOME TAXES	(437)	(2,313)
Income tax expense	1	2
NET LOSS	(\$438)	(\$2,315)
Basic weighted average common shares outstanding	7,751	7,747
Basic net loss per share	(\$0.06)	(\$0.30)
Diluted weighted average common shares outstanding	7,751	7,747
Diluted net loss per share	(\$0.06)	(\$0.30)

Selected Balance Sheet Data (In thousands) (Unaudited)

	As of March 31, 2024	As of December 31, 2023
Cash and cash equivalents	\$960	\$979
Net working capital	7,164	7,272
Total assets	43,051	43,808
Stockholders' equity	\$24,636	\$24,993

Non-GAAP Financial Measures:

Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flow that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP measures included in this press release should be considered in addition to, and not as a substitute for or superior to, the comparable measure prepared in accordance with GAAP. We believe that considering the non-GAAP measure of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) assists management and investors by looking at our performance across reporting periods on a consistent basis excluding these certain charges that are not uses of cash from our reported loss before income taxes. We calculate EBITDA as described in the following table:

(In thousands)	During the Three-Month Periods Ended March 31,	
	2024	2023
Loss before income taxes	(\$437)	(\$2,313)
Interest expense (excluding debt issuance and debt discount costs)	136	88
Depreciation	663	652
Amortization	15	7
EBITDA	<u>\$377</u>	<u>(\$1,566)</u>

EBITDA included stock-based compensation expense of approximately \$81,000 and \$96,000 during the three-month periods ended March 31, 2024 and 2023, respectively, which is a non-cash expense that management adds back to EBITDA when assessing its cash flows. Cash payments to satisfy debt repayment obligations or to make capital expenditure investments are other uses of cash that are not included in the calculation of EBITDA, which management considers when assessing its cash flows.

Conference Call:

The Company is planning to host a conference call on Wednesday, May 15, 2024 at 9:00 AM ET to discuss the unaudited financial results for the quarter ended March 31, 2024. Interested parties can access the conference call by dialing (844) 855-9502 (toll free) or (412) 317-5499 (international). A teleconference replay of the call will be available until May 22, 2024 at (877) 344-7529 (toll free) or (412) 317-0088 (international), utilizing replay access code #2581533. Investors are encouraged to review the Company's updated Corporate Presentation slide deck that provides an overview of the Company's business and is available under the "Investors" tab of the Company's website at www.immucell.com, or by request to the Company. An updated version of the slide deck will be made available under the "Investors" tab of the Company's website after the market closes on Tuesday, May 14, 2024.

About ImmuCell:

ImmuCell Corporation's (**Nasdaq: ICCC**) purpose is to create scientifically proven and practical products that improve the health and productivity of dairy and beef cattle. ImmuCell manufactures and markets **First Defense**[®], providing **Immediate Immunity**[™] to newborn dairy and beef calves, and is in the late stages of developing **Re-Tain**[®], a novel treatment for subclinical mastitis in dairy cows without FDA-required milk discard or meat withhold claims that provides an alternative to traditional antibiotics. Press releases and other information about the Company are available at: <http://www.immuCell.com>.

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