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Immuron, Ltd. (NASDAQ:IMRN, ASX:IMC)

Growth

Security Description

Immuron Ltd., Inc. is an Australian biopharmaceutical company that produces and sells over-the-counter oral medication used to treat adverse bacterial gastrointestinal infections. The company markets its commercial stage drugs in Australia, The United States, and Canada and participates in clinical trials for the drugs' disease indications.

Investment Thesis

1. Immuron's commercially available over-the-counter drugs, most notably its drug Travelan, address a global tourism market. It may be prudent for every single visitor traveling to developing countries to consume Travelan or a competing product.
2. Successful FDA trials for Immuron's over-the-counter drugs would earn the drugs disease indications.
3. The United States Department of Defense has particular interest in the prevention and treatment of traveler's diarrhea. Immuron obtained a grant from the DoD, partnering with it for clinical studies.
4. Pathogens become resistant to antimicrobials and antibiotics. Antibiotics may cause virulent or resistant strains in individuals and populations. Indeed, antimicrobial resistance threatens traveler's diarrhea, especially in Southeast Asia and Africa.

Catalysts

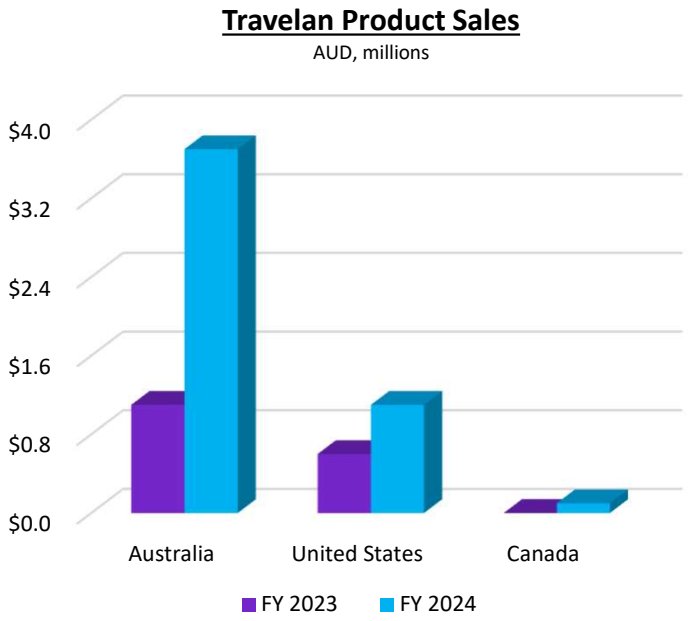
- Travelan, Immuron's over-the-counter drug used to prevent and treat traveler's diarrhea, is selling rapidly while still nascent in market penetration.
- The Company's FDA trials seeking disease indications may be catalysts for revenue, opening the door for further commercialization, marketing ability, and partnership.

Price Target

- We model a base case reflecting Travelan sales growth with long-term profitability achieved after marketing spend, as a percent of revenue, tapers lower. In this approach, our model delineates 55% upside or a $4.16 price target (NASDAQ:IMRN).

Model Output (USD)	
Price (NASDAQ, 9/13/2024)	$ 2.69
Capitalization (USD, 9/13/2024)	$ 15,306,100
Price Target	$ 4.16
Discount Rate	8.20%
Share Count	5,690,000
Sum of PV FCF	$ (16,417,235)
FCF Y5, USD	$ 1,994,440
Terminal Value	$ 32,021,038
Implied Enterprise Value	$ 15,603,804
Debt, USD	$ 93,059
Cash, USD	$ 8,160,121
Implied Equity Value	$ 23,670,865
Upside	55%

- We believe successful clinical trials may have exponential consequences for the stock; however, we also believe they may not be necessary at this juncture for investors to earn a return. Profitable revenue for Immuron becomes – all else equal – highly accretive for Immuron shares since the current market capitalization is only $15 million USD.



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Immuron Ltd.

Immuron Ltd. is an Australian biopharmaceutical company with commercial stage, over-the-counter medication available in Australia, The United States, and Canada. The company produces Travelan, a capsulized bovine colostrum drug used to prevent and treat traveler's diarrhea.

- Sales in FY2024 were $4.9 million AUD or $3.3 million USD, 174% higher than in FY 2023.
- Sales in Q4 2024 were $1.3 million AUD or $876,000 USD, 254% higher than in Q4 2023.
- The company obtained over $2 million USD in grants from The United States Department of Defense.
- Catalysts as early as before end of 2024 and ongoing for as long as into 2029.
- Almost all sales are currently for the over-the-counter drug Travelan, an oral medication for the prevention and treatment of traveler's diarrhea.

Immuron's Clinical Programs

Compound or brand name	Indication	Phase I	Phase II	Phase III	Market
IMM-124E Travelan®	Traveler's Diarrhea ETEC challenge	immuron			
IMM-529	*Clostridioides difficile* Infection & Recurrence	immuron			

Our Partners' Clinical Programs

Compound or brand name	Partner	Phase I	Phase II	Phase III	Market
Travelan®	Uniformed Services University				
CampETEC	Naval Medical Research Command				

Source: Immuron

NEAR TERM MILESTONES ANTICIPATED TO DRIVE VALUE

	2H 2022	1H 2023	2H 2023	1H 2024	2H 2024
Travelan®	• FDA IND[1] approved for single daily dose IMM-124E ETEC[2] CHIM[3] clinical trial	• IRB Approval[4] • Initiated IMM-124E ETEC[2] CHIM[3] clinical trial	• 100% of patients enrolled • Completion of In-patient phase ETEC[2] CHIM[3] clinical trial	• Topline results for IMM-124E ETEC2 clinical trial	• Clinical Study Report • End of Phase 2 FDA meeting
CampETEC	• Submitted Response Letter to FDA Clinical Hold • Immuron sponsored Toxicology study - completed	• Toxicology Study Report • FDA IND[1] approved (Clinical Hold released)	• Institutional Review Board approval of NMRC[5] CampETEC Campylobacter CHIM[3] clinical trial protocol • Initiated IMM-124E Campylobacter CHIM[3] clinical trial	• Completion of In-patient phase CampETEC Campylobacter CHIM[3] clinical trial	• Topline results for CampETEC Campylobacter CHIM[3] clinical trial
IMM-529	• 600 mg solid dose active formulation development		• IMM-529 cGMP manufacture	• IMM-529 (CDI)[7] Pre-IND[1] submission	• FDA meeting
Travelan®	• USU[6] P2TD IMM-124E field clinical trial recruitment commencement		• ~50% of 868 participants recruited	• Completion of enrollment • Completion of in-patient phase	• Topline results

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All figures are USD unless otherwise noted

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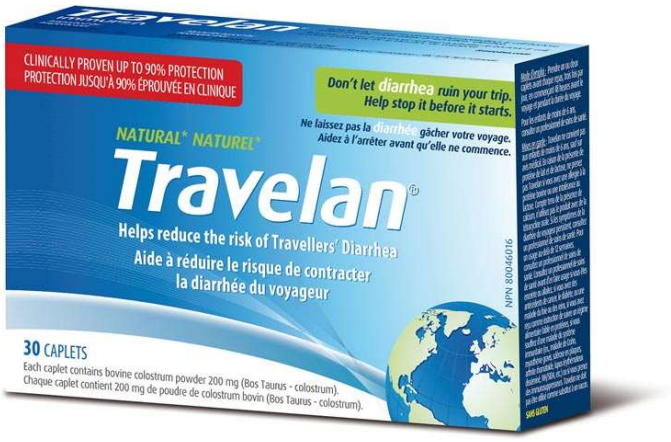
Travelan Touts the Following:

- Reduction in the occurrence of diarrhea
- Prevention of diarrhea/protection against E. coli
- Relief when inflicted by diarrhea/E. coli/other bacteria
- Pain relief
- Repair of gastrointestinal lining
- Immune defense
- Promotion of liver health and function



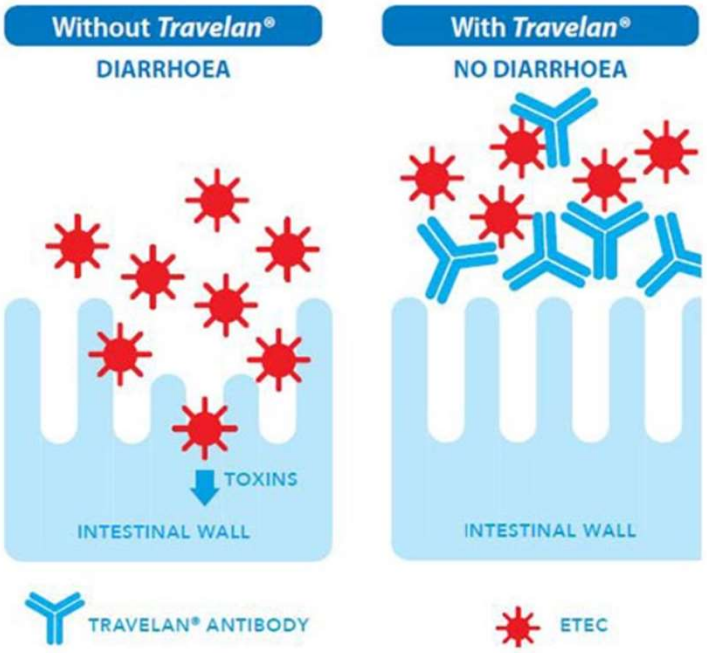
Travelan is effective in neutralizing a wide range of bacteria, including ETEC (common E. coli strain), campylobacter, jejuni, vibrio cholera, shigella, and more.

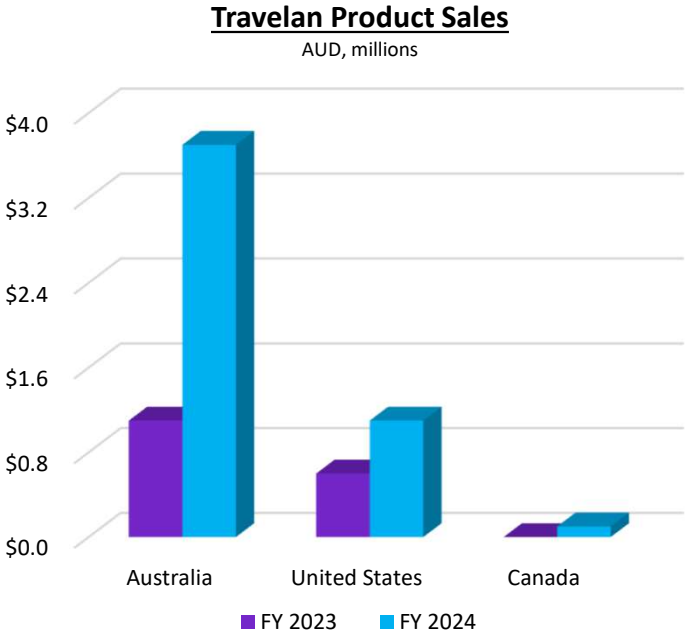
Travelan is available on Amazon Marketplace for $35 (USD) for 30 capsules. The recommended use is 3 – 6 tablets per day before each meal (assuming three meals) starting 48 hours before travel. The drug is also available in Australia and Canada, with the bulk of sales in Australia. In Australia, Travelan is sold over-the-counter in pharmacies and claims it ". . . is a listed medicine in the Australian Register for Therapeutic Goods and is specifically indicated to reduce the risk of [traveler's diarrhea and] reduce the symptoms of minor gastro-intestinal disorders . . .," among other claims.

Immuron is participating in FDA trials seeking to ultimately earn regulatory approval for Travelan's disease indications and expand marketing ability, and therefore potentially grow sales faster.

We believe Travelan is a universal product for all travelers, except those with threatening dairy allergies (and those using tetracycline, a drug used for pneumonia and respiratory tract infection treatment). It is especially attractive from an investment standpoint because it is not only a treatment but also an effective means of prevention. In our opinion, FDA trials are not necessary to achieve commercial success; however, successful trials will set Travelan apart from competition and open more doors for commercialization.

Competition exists but Travelan is backed by clinical science and the United States Department of Defense. Other competition includes oral vaccines which require prescription and most over-the-counter competitors are not preventative like Travelan.





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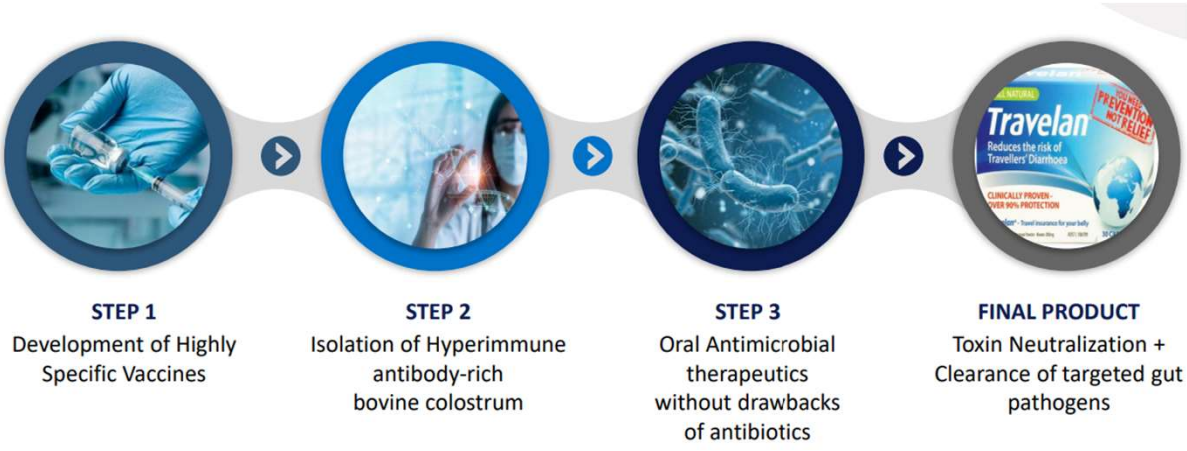
What Is Inside the Travelan Drug

Travelan is Immuron's over-the-counter drug used to prevent and treat traveler's diarrhea. The drug is available with indications in Australia and available over-the-counter (without the ability to market disease indications) in The United States and Canada. The drug is a capsule containing hyperimmune bovine colostrum.

Traveler's diarrhea is a common phenomenon for individuals traveling and consuming contaminated food and drink in foreign countries with substandard hygiene and sanitation.

- **Bovine Colostrum** is the first milk a cow produces after giving birth to calves. It contains more protein, fat, and nutrients than normal milk. It is a dairy product available in liquid form – but also in supplement and dry/power form thanks to new technology – containing immunoglobins, lactoferrin, lysozyme, lactoperoxidase, peptides, and a higher macronutrient and micronutrient content than regular milk. One of the important and distinguishing characteristics of this animal product is its health benefit for the human gut/gastrointestinal tract/intestines; thus, dietary supplements using colostrum have been produced and gained popularity (capsulized supplements, kefir, powder). Immuron's Travelan is a hyperimmune bovine colostrum delivered in capsule form. Capsulation of any naturally occurring substance – called nanoencapsulation – is useful in increasing homogeneity, efficacy, and chemical properties. Nanoencapsulation also preserves peptide stability and improves delivery by targeting specific tissues. Notably, bovine colostrum in cows is more than the required amount for offspring/calves and is therefore appropriately examined for human use.
- **Hyperimmune Bovine Colostrum** is colostrum taken from cows vaccinated against disease agents. Colostrum taken from vaccinated cows targets disease causing pathogens/bacteria by binding directly with these bacteria. The result, in Travelan, is a targeted, concentrated formulation protecting and fighting against a range of harmful diarrhea causing bacteria. Travelan is produced from cows immunized with a vaccine "consisting of antigens derived from 13 different E. coli strains known to cause traveler's diarrhea [see appendix]." Further, the company touts, with evidence, Travelan is cross-reactive with bacteria strains not included in the vaccine used on the cows.
- **Travelan** is a premium over-the-counter drug because it is useful in both the prevention and treatment of traveler's diarrhea. Moreover, it is not an antibiotic; it should not aid the bacteria strains in developing immunity, and it should not cause bacterial resistance in individuals. The drug "bind[s] to bacteria, neutralizing them and inhibiting their attachment to the intestinal wall."
- **Other applications:** bovine colostrum is useful for the prevention and treatment of runner's trots, a diarrhea affecting athletes undergoing intense training (raising internal temperatures enough to stress the gut and cause leakiness). Studies delineate (1) the prevention of runner's trots and (2) the improved performance of athletes before and after supplementation versus those of a placebo group. Moreover, virgin and minimally processed bovine colostrum universally provide humans with nutritional benefits.
- We delineate some of the scientific findings regarding bovine colostrum's effectiveness on page 7 of this report.



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Traveler's Diarrhea Worldwide

- The highest risk regions for traveler's diarrhea are South Asia, Southeast Asia, South America, Central America, and Africa. All developing nations are considered risky for these infections.
- In 2005, Clinical Infectious Diseases (subsection "Epidemiology of Traveler's Diarrhea"), a peer-reviewed Journal, cited over 60% of travelers visiting developing countries may suffer from traveler's diarrhea, equaling over 15 million travelers per year.
- The reason this phenomenon occurs in travelers (especially travelers to developing countries) is contamination and poor hygiene/sanitation in the bacteria-host countries. People already living in these countries do not contract infections as often.
- Notably, the infections are more common in warmer climates/hot seasons and during humid climates/humidity seasons.
- According to Nikkei Asia, Southeast Asia witnessed over 100 million travelers in 2023, 70% of pre-Pandemic levels (referencing 2019). Travel has rebounded resoundingly after the Pandemic, increasing 2.3x in Southeast Asia from 2022 to 2023.
- Global travel is expected to rebound and exceed pre-Pandemic levels in 2024, according to UN Tourism, and was already recorded at 88% of pre-Pandemic level in 2023.
- According to Transparency Market Research, in 2018, the traveler's diarrhea market was expected to grow at 7% CAGR from 2019 to 2027. In 2018, the market was an estimated $738 million in size.
- Various sources estimate the size of the market is currently $1.3 – $1.8 billion. Other sources estimate it is $800 million currently.
- According to Mordor Intelligence, "the traveler's diarrhea treatment market is expected to register a CAGR of 6.8%" from 2024 to 2029.
- Imarc estimates 5.3% growth for this market from 2024 – 2025.

Source: VnExpress International

Continent, region or country	Year	Rate of TD, %	No. of travelers at risk
Africa			
East Africa	1975–1981	30	2646
West Africa	1975–1977	39	505
Tunisia	1975–1977	48	988
Kenya	1977–1978	43	42
Morocco	1977	54	24
Tunisia	1979–1980	20	706
Egypt	1979–1980	20	706
Morocco	1979–1980	38	706
Egypt (Nile cruises)	1989–1991	10–90	>500
Egypt	1992	59	257
Tunisia	1992	40	2695
Morocco	1992	30	1639
Algeria	1992	13	728
West Africa	1995	27	141
East Africa	1995	26	383
West Africa	1991–1992	25	53
Kenya	1997–1998	55	15,181
Tunisia	1998	34	397
Morocco	1998	25	263
North and South America			
Mexico	1957	33	1000
Mexico	1975	40	55
Mexico	1975	29	133
Mexico	1976	49	121
Mexico (from Panama)	1979	36	64
Mexico	1975–1981	31	1104
Brazil	1975–1981	33	1305
South America (various)	1975–1981	36	420
United States/Canada	1975–1977	4[a]	1379
Mexico (Cuba)	1986–1987	34	227
Mexico	1992	45	84
South America	1995	33	282
Central America	1995	33	120
Honduras	1980	54	22
Honduras	1984	100	22
Jamaica	1996–1997	24	30,369
Brazil	1997	14	6050
Asia			
Sri Lanka/ Maldives	1975–1981	35	1371
Thailand	1975–1981	22	1838
Far East (various)	1975–1981	31	2470
Thailand	1984	24	33
Thailand	1981	57	35
Middle East	1991–1992	48	30
Southeast Asia	1995	19	487
South Asia	1995	39	250
India (Goa)	1997–1998	54	15,631
Turkey	1998	27	617
Europe			
Northern Europe	1953	35	26
Southern Europe	1953	67	127
Northern Europe	1970	4	1551
Western Europe	1970	6	1465
Southern Europe	1970	12	1498
Spain	1979–1980	<15	1685
Canary Islands	1981	20	572
Rhodes	1981	13	987
Southern Europe	1984	15	720
Portugal	1998	9	560
Spain	1998	7	906
Greece	1998	7	1398
Cyprus	1998	8	688
Italy	1998	4	113

NOTE. Incidence was calculated for a 1-week stay [7].
[a] Control.

Source: Clinical Infectious Disease, 2005

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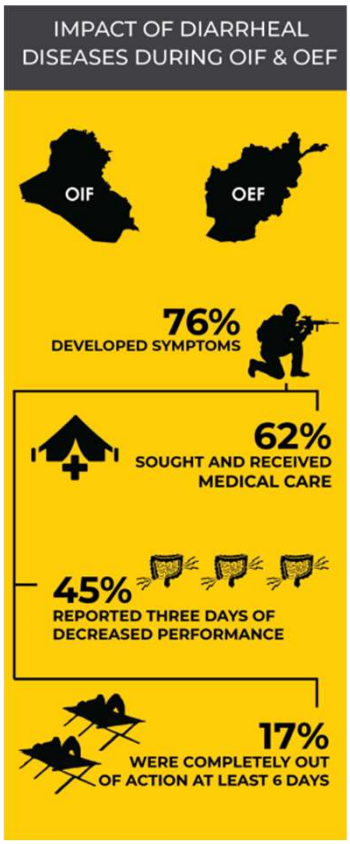
Traveler's Diarrhea has Significant Adverse Consequences for the Military and Military Personnel

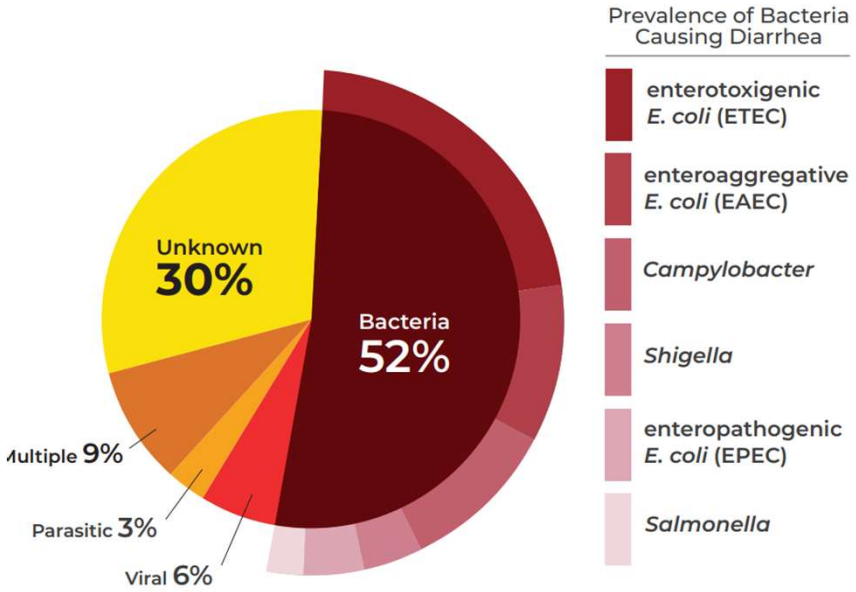
According to The United States Department of Defense:

- Diarrhea is the most threatening infectious disease in terms of impact on the military's readiness.
- 76% of soldiers in the OIF and OEF (Afghanistan, Pakistan, Iraq) suffered from traveler's diarrhea.
- Diarrhea in soldiers averages two days of lost duty and an additional four days of limited duty.
- Antibiotic treatments' effectiveness diminishes over time (virulence of bacteria strains will increase as antibiotics increase the bacteria's resistance, both in an individual and among populations).
- During the United States Vietnam War, diarrhea cases outnumbered malaria cases 4 to 1.
- In Operation Enduring Freedom (OEF), over 50% of soldiers self-reported at least one episode of diarrhea from 2003-2004.
- In Operation Iraqi Freedom (OIF), over 75% of soldiers suffered from diarrhea symptoms.

In a 2019 updated study (referencing and updating 2005 data), 84% of military traveler's diarrhea cases resulted from E. coli and campylobacter strains.

- United States Department of Defense studies found Travelan is cross reactive with campylobacter and shigella strains (Travelan is also effective against E. coli strains, and a wide range of bacteria beyond these strains).
- In the same 2019 study, only 16% of infected military personnel sought treatment from 1990 – 2005; from 2006 – 2015, 38% of military personnel sought treatment.
    - Citation: *Olson, S., Hall, A., Riddle, M.S. et al. Travelers' diarrhea: update on the incidence, etiology and risk in military and similar populations – 1990-2005 versus 2005–2015, does a decade make a difference?. Trop Dis Travel Med Vaccines 5, 1 (2019).*





Source: United States Department of Defense

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Bovine Colostrum, Hyperimmune Bovine Colostrum, and Travelan Benefits in Humans is Scientifically Documented

Bovine colostrum has been studied extensively instead of vaccine development. Developing a vaccine for E. coli induced (ETEC strain/species) diarrhea presents challenges because of ETEC/E. coli diversity. Bovine colostrum, and specifically hyperimmune bovine colostrum (cows treated with ETEC vaccination), is a naturally occurring formulation and proven effective in clinical trials testing its effectiveness against pathogens causing diarrhea.

Although traveler's diarrhea is not often fatal, it is a critical problem for all travelers (and we delineate on page 6 how it has serious consequences for military personnel). Treatment is often rest and hydration; antibiotics and antimicrobial treatments – the only prescription medication – are problematic due to adverse side effects such as gut damage and emergence (caused by these treatments) of more virulent and/or resistant strains of bacteria.

As such, the inflicted were left with few options besides rest. Travelan offers effective prevention and treatment; it is an over-the-counter medication and Immuron is seeking FDA approval for disease indications in The United States.

- In a 2010 randomized control trial conducted in Australia using bovine colostrum (provided by Immuron), a three-time daily administration of 400mg colostrum protein (capsulized powder) delineated 91% protection against E. coli induced diarrhea (30 participants).
    - E. coli is the most common cause of traveler's diarrhea. According to the National Library of Medicine and Centers for Disease Control and Prevention, E. coli is responsible for 30% – 60% of traveler's diarrhea cases.
    - *Citation: Otto W, Najnigier B, Stelmasiak T, Robins-Browne RM. Randomized control trials using a tablet formulation of hyperimmune bovine colostrum to prevent diarrhea caused by enterotoxigenic Escherichia coli in volunteers. Scand J Gastroenterol. 2011*
- A 2019 study sponsored by the United States Department of Defense found Travelan is reactive to all 71 tested strains of vibrio cholera (there are over 200 known strains, 71 were tested).
- A study published in 2023 conducted research on 15 groups of monkeys (rhesus macaque); results delineated Travelan is significantly effective in the prevention of diarrhea, treatment of diarrhea symptoms (loose stools and vomiting), and recovery from symptoms (compared with negative control groups). The study found Travelan prevented shigella infections in 75% of monkeys treated with Travelan. This study was rigorous in approach and even had some post-mortem analyses. Several subjects were euthanized (almost all from non-Travelan-treated groups) and some subjects died (none from Travelan-treated groups). Post-mortem analysis found far more intestinal damage in subjects from non-Travelan-treated groups and strong evidence of inflammation control and prevention in the colons of subjects from Travelan-treated groups. Furthermore, in another portion of its experiments, done at the molecular level and not on monkeys, "results clearly indicate[d] that antibodies present in Travelan are cross-reactive against major virulent Shigella antigens."
    - *Citation: Islam D, Ruamsap N, Imerbsin R, Khanijou P, Gonwong S, Wegner MD, McVeigh A, Poly FM, Crawford JM, Swierczewski BE, Kaminski RW, Laird RM. Bioactivity and efficacy of a hyperimmune bovine colostrum product- Travelan, against shigellosis in a non-Human primate model. 2023*
- A 2021 clinical trial conducted in Egypt with 160 children infected with diarrhea causing bacteria found a reduction in stool frequency and vomiting in the group (half of the 160) receiving bovine colostrum compared with the group (the other half of the 160) receiving only standard care, as well as reduced clinical severity of the ailment. Further, "after 1 week, none of the children in the BC [bovine colostrum] group had diarrhea compared to the control group, where 13% of the children still had diarrhea [significant because symptoms typically resolve by this time, although these subjects were children of ages between 1 and 5 years old]."
    - *Citation: Chandwe K, Kelly P. Colostrum Therapy for Human Gastrointestinal Health and Disease. Nutrients. 2021*
- In a study published in 2021, two groups of 15 individuals were infected with "10^9 colony forming units of ETEC [E. coli strain which causes traveler's diarrhea]" after one group received three bovine colostrum tablets for three days (bacteria strains were administered on day three). The result: "Only 1 (7%) volunteer in the [bovine colostrum-treated] group developed diarrhea compared to 11 (73%) in the placebo group."
    - *Citation: Chandwe K, Kelly P. Colostrum Therapy for Human Gastrointestinal Health and Disease. Nutrients. 2021*

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Immuron may not make substantial claims when marketing the Travelan product in The United States as it is not indicated for any disease. Immuron is undertaking clinical trials to strengthen its market penetration potential.

IMM-124E

Immuron is proceeding with IMM-124E – the ingredient in Trevelan/hyperimmune bovine colostrum – clinical trials for FDA approval of Travelan for disease indications (labeling and claims) and as a preventative treatment. Currently, Travelan (Immuron's hyperimmune bovine colostrum medication) is only available over-the-counter as a dietary supplement in The United States and Canada. In Australia, where Travelan obtained TGA clearance, Travelan is available over-the-counter and is indicated for diarrhea and minor gastrointestinal disorders.

- Immuron touts a base case annual revenue potential for IMM-124E of $102 million.
- According to Pharmaceutical Technology, "Phase II drugs for Traveler's Diarrhea have an 80% phase transition success rate."
- In a 2017 study, "oral administration of IMM-124E was found to reduce local and systemic inflammation and promote peripheral regulatory R cells (Tregs) in clinical studies."
    - *Citation: Sears KT, Tennant SM, Reymann MK, Simon R, Konstantopoulos N, Blackwelder WC, Barry EM, Pasetti MF. Bioactive Immune Components of Anti-Diarrheagenic Enterotoxigenic Escherichia coli Hyperimmune Bovine Colostrum Products. Clin Vaccine Immunol. 2017*
- FDA trials may not be completed until after 2027.

United States Department of Defense and Travelan

Immuron is partnering with The United States Department of Defense to Study Travelan further. The Uniformed Services University is conducting this study on hundreds of military personnel from The United States and The United Kingdom. Traveler's diarrhea is a serious issue for military personnel deployed overseas. On page 6 of this report, we delineated some of the issues The United States military faces when deploying forces overseas, issues Travelan may effectively neutralize. Additionally, as discussed on page 2, the United States Department of Defense granted Immuron $2.3 million USD. Proceeds will fund research with the Naval Medical Research Command and Walter Reed Army Institute of Research.

CampETEC

Immuron is also conducting a study specific to campylobacter infections (as well as E. coli/ETEC bacteria) and Travelan's neutralizing effects on the bacteria. As indicated on page 7 of this report, Travelan is broadly effective in preventing and treating infections caused by a variety of bacteria strains, including campylobacter. This is a near term catalyst for the company with Phase II results due in 2024. Immuron is also partnering with the military for CampETEC study.

IMM-529

- IMM-529 clinical trials seek indication for C. difficile infection. Similarly to many infections including traveler's diarrhea, therapy for C. difficile infection commonly involves the use of antibiotics. Antibiotics have two drawbacks: (1) antibiotic use may strengthen the resistance of the target bacterium and render the therapy futile and (2) antibiotics are adverse to the gut microbiome (a necessary evil in some instances, often temporary).
- Immuron touts a base case annual revenue potential for IMM-529 of $93 million (reflecting only the second occurrence treatment in the base case).
- Currently, Immuron has filed a pre-IND application with the FDA for IMM-529 and the study may not be complete within 5 years.

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Our primary model assumes no approval from the FDA for disease indications; the model reflects only the Travelan sales growth catalyst. We believe Travelan is a product every single visitor of developing nations may benefit from.

Our model uses the following inputs:

- 8.20% cost of equity, referencing NYU Stern School of Business proxies for biotechnology and pharmaceutical companies.
    - Immuron has less than $150 thousand AUD in debt; hence its cost of capital is equal to (or approximately equal to) the cost of equity.
- A terminal growth rate of 4%, higher than standard GDP growth forecast references used for terminal growth rates because of Immuron's nascent market penetration with Travelan (the company's upside reflecting FDA trials for disease indications would likely be higher than 4% based on today's sales) and Travelan's broad application for bacteria and travelers. We also believe the significant investment in study as well as government and defense grants directly awarded to Travelan indicate the interest and impending demand for the product by The United States Military (and potentially allies of the United States and all militaries).

We deduce a $4.16 price target on NASDAQ listed shares of Immuron, 55% higher than the price in September 2024.

Model Output (USD)	
Price (NASDAQ, 9/13/2024)	$ 2.69
Capitalization (USD, 9/13/2024)	$ 15,306,100
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Implied Equity Value	$ 23,670,865
Upside	55%

Figures in Model Output (left) are all USD including FCF Y5

Figures in Model Forecast (below) are all AUD unless otherwise noted

Immuron Annual Forecast	Actual		Forecast				
	2023	2024	2025	2026	2027	2028	2029
Growth	136%	172%	80%	75%	35%	20%	4.0%
Gross Margin	73%	68%	68%	68%	68%	68%	68%
G&A as % of Sales	234%	93%	55%	31%	22%	19%	19%
R&D as % of Sales	144%	110%	75%	60%	35%	18%	13%
S&M as % of Sales	51%	41%	51%	50%	30%	25%	22%
Tax (AUS SMB Rate)	0%	0%	0%	0%	0%	25%	25%

Immuron Annual Forecast	Actual		Forecast				
	2023	2024	2025	2026	2027	2028	2029
Revenue	$ 1,804,705	$ 4,902,865	$ 8,825,157	$ 15,444,025	$ 20,849,433	$ 25,019,320	$ 26,020,093
Cost of Goods Sold	$ 495,558	$ 1,566,068	$ 2,815,225	$ 4,926,644	$ 6,650,969	$ 7,981,163	$ 8,300,410
Gross Profit	$ 1,309,147	$ 3,336,797	$ 6,009,932	$ 10,517,381	$ 14,198,464	$ 17,038,157	$ 17,719,683
Other Income (Grants, Govt. Transfer)	$ 2,591,498	$ 3,408,199	$ -	$ -	$ -	$ -	$ -
Fair Value Gains (Losses)	$ (523,666)	$ (557,676)	$ -	$ -	$ -	$ -	$ -
ForEx Gains (Losses)	$ 363,724	$ (27,603)	$ -	$ -	$ -	$ -	$ -
Inventory Provision	$ 430,932	$ -	$ -	$ -	$ -	$ -	$ -
General & Administrative	$ 4,220,905	$ 4,555,726	$ 4,853,836	$ 4,787,648	$ 4,586,875	$ 4,753,671	$ 4,813,717
Research & Development	$ 2,592,145	$ 5,375,461	$ 6,618,868	$ 9,266,415	$ 7,297,302	$ 4,503,478	$ 3,382,612
Selling & Marketing	$ 927,423	$ 2,029,648	$ 4,500,830	$ 7,722,012	$ 6,254,830	$ 6,254,830	$ 5,724,420
Operating Income	$ (3,568,838)	$ (5,801,118)	$ (9,963,602)	$ (11,258,694)	$ (3,940,543)	$ 1,526,179	$ 3,798,934
Operating Margin	-198%	-118%	-113%	-73%	-19%	6%	15%
Provision for Tax Expense (AUS SMB Rate)	-	0.00%	$ -	$ -	$ -	$ 381,545	$ 949,733
NOPAT	$ (3,568,838)	$ (5,801,118)	$ (9,963,602)	$ (11,258,694)	$ (3,940,543)	$ 1,144,634	$ 2,849,200
Converted to USD from AU$	$ (2,498,187)	$ (4,060,783)	$ (6,974,522)	$ (7,881,086)	$ (2,758,380)	$ 801,244	$ 1,994,440
PV FCF In USD			$ (6,445,953)	$ (9,616,864)	$ (3,110,816)	$ 835,137	$ 1,921,262

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Risks

- Immuron partners with Synlait, a company based in New Zealand, for the production of bovine colostrum from treated cows. Synlait is undergoing debt restructuring which is critical for Synlait's survival. Terms have been agreed but a vote will be held. Failure of Synlait will result in supply chain constraints for Immuron.
- Travelan is a premium product (hyperimmune bovine colostrum). If it is found virgin or capsulized bovine colostrum is nearly or equally effective, cheaper products may emerge. Evidence delineates Travelan is powerful; however, anecdotally, probiotics are also effective for some people
- There is no widely applicable commercially available vaccine for E. coli induced diarrhea (ETEC bacteria) and only prescription vaccines/antibiotics exist. It is unlikely one may be developed due to the diversity of bacteria which causes diarrhea. However, an effective vaccine may be developed and would present a risk to Travelan, especially if one with preventative efficacy emerges.
- Competition in the over-the-counter drug market.
- Hyperimmune bovine colostrum is not a widely sold product but the bovine colostrum market is growing (estimated 6.5% growth from 2022 to 2023).
- Bovine colostrum is not cheap; a growing market may bring prices down and bring pricing pressure as well as competition.
- Capsulized bovine colostrum is not cheap and neither is capsulized hyperimmune bovine colostrum; consumers may opt for cheaper options and, if not available, they may take their chances with travel and infection.
- Immuron will need to raise equity or debt capital if the current burn rate extends beyond one year.
- FDA trials are costly with no guarantee of success.
- FDA trials are lengthy. The success of the company's commercial sales may be minimized by operating losses.
- Growth may stall or sales may contract, a devastating outcome for unprofitable nanocaps like Immuron.
- Failure to market effectively, both before and after potential regulatory approval, will be costly for shareholders and potentially disastrous.
- Shareholders should expect tremendous volatility in securities like Immuron shares.
- Milestones and catalysts such as FDA trial results may take longer than expected to arrive and may arrive as failures.
- Adverse events by users of Travelan and other drugs sold by Immuron may be disastrous for sales and may be costly if legal action is taken.
- Marketing must be carefully done and appropriately executed due to the serious regulatory framework (FDA and more) around drugs and drug sales. A capital constrained business may witness a stock price crash if material legal costs must be incurred.

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Appendix.

- Comprehensive definition for Travelan (National Library of Medicine):
  - *Travelan® is an ETEC-specific HBC (manufactured by Immuron Ltd., Australia) and commercially available for prophylaxis of travelers' diarrhea (TD) over the counter in the United States, Australia, and Canada. Travelan® is generated by immunizing cows with 13 different ETEC strains known to cause Travelers' diarrhea: H10407 (O78:H11), B2C (O6:H16), C55 3/3c3 (O8:H9), PE 595 (O15:H4), E11881A (O25:H42), C1064-77 (O27:HR), PE 673 (O63:H-), E20738/0 (O114:H21), PE 724 (O115:H-), EI 37–2 (O128:H21), B7A (O148:H28), E8772/0 (O153:H12), PE 768 (O159:H-).*
- Comprehensive definition of traveler's diarrhea:
  - *Traveler's diarrhea (TD) is defined as three or more unformed bowel movements per 24 h and is often accompanied by at least one additional symptom such as stomach cramps, fever, nausea, vomiting, and blood.*

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Arham Khan is a not shareholder of Immuron Ltd.