Immuron Ltd.
(ASX: IMC.AX, OTCQB: IMROY)
Target Price: A$1.37

We initiate coverage on Immuron Limited (ASX: IMC, OTCQB: IMROY, "Immuron") with a price target of A$1.37 per share. Based in Melbourne, Australia, Immuron has developed a proprietary, oral immunotherapy technology targeting microbiome and inflammation. Through its lead compound, **IMM-124E**, Immuron currently has two ongoing Phase 2 clinical trials targeting fatty liver disease (NASH / ASH), representing a global annual market opportunity estimated to reach $35-$40Bn by 2025E. Immuron also just reported positive preclinical studies in Clostridium Difficile (C-Difficile), further strengthening the platform. Immuron's technology appears to be attracting the attention of many leading scientific organizations and researchers, as demonstrated the NIH fully funding its Phase 2 ASH study, and the fact that Immuron's principal investigator on its NASH clinical trial is Dr. Arun Sayal, a leader in the field and the current Chairman of the NIH NASH Clinical Research Network and the Liver Forum for NASH and fibrosis. Beyond NASH / ASH and C-Difficile, Immuron's proprietary, all-natural technology has broad potential in a number of therapeutic applications for many diseases in which inflammation plays a key role, including Diabetes, and Colitis, among others.

In the short run, Immuron also stands to benefit from sales of Travelan®, an over-the-counter (OTC) product addressing the $500mn market opportunity for preventing and treating traveller's diarrhea, a disease which affects 30%-70% of travellers depending on the destination and season of travel. Immuron recently launched Travelan® in the United States, and management expects sales of the product to double in 2016E due to expanded sales and distribution. Travelan® is an all-natural product that has been shown to reduce the chance of contracting traveller's diarrhea by more than 90%. In our view, Travelan® should contribute nicely while Immuron advances its promising clinical pipeline targeting several multi-billion dollar opportunities for indications with large unmet needs. Meanwhile, we expect Immuron's profile among US investors to rise over the next several quarters, as management has announced plans to list shares on the NASDAQ in 2016E.

INVESTMENT HIGHLIGHTS

Novel all-natural oral immunotherapy targeting large unmet needs

Immuron has accumulated a highly intriguing clinical pipeline targeting large unmet needs. The technology platform is supported by over 30 patents and pending patents, and utilizes all-natural, novel mechanism of action derived from antibody-enriched bovine colostrum. The validity of the technology has been proven with three major products in development or on the market. Immuron has identified several indications with multi-billion dollar market opportunities for which it believes its technology could develop and commercialize therapeutic treatments.

Initial clinical programs to focus on fatty liver disease and C-Difficile

Immuron intends to first focus on fatty liver disease, where its lead compound, **IMM-124E**, is currently in two Phase 2 trials – one for non-alcoholic Steatohepatitis (NASH), a disease with an estimated market opportunity expected to reach $35-$40Bn by 2025E, and one for Alcoholic Steatohepatitis (ASH), which is one of only three programs selected (and funded) by the National Institute of Health (NIH) for ASH. Immuron also plans to commence a Phase 1 trial of **IMM-529** for C-Difficile, a multi-billion dollar indication for which there is a lack of approved treatments. Immuron should be in a position to report meaningful updates to these clinical programs throughout 2016, and should complete enrollment of the Phase 2 NASH clinical trial in mid-to-late calendar 2016, with details around its C-Difficile Phase 1 trial expected by mid-year.

Initiate coverage with a price target of A$1.37

Our analysis of Immuron indicates a fair value estimate of A$1.37 per share (detailed on page 10), implying an upside of 236.6% from the recent price of $0.41. We view the company as an attractive high risk / high reward company the biotechnology industry with novel products targeting several large opportunities.

Stock Details (1/22/2016)

ASX / OTCQB:	IMC.AX / IMROY
Sector / Industry	Healthcare / Biotechnology
Price target	**A$1.37**
Recent share price	A$0.41
Basic Shares o/s (mn)	76.4
Market cap (in A$mn)	31.3
52-week high/low	$0.58 / $0.15

Source: Bloomberg, SeeThruEquity Research, estimates in $A unless noted

Key Financials (A$mn unless specified)

	FY14A	FY15A	FY16E
Revenues	1.0	1.1	2.0
EBITDA	(2.0)	(4.3)	(4.5)
EBIT	(2.7)	(4.3)	(4.5)
Net income	(2.5)	(3.4)	(4.2)
EPS ($)	(0.03)	(0.05)	(0.05)

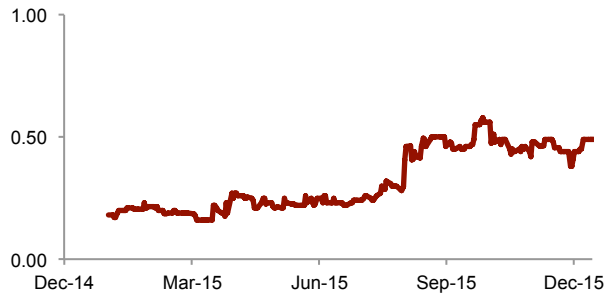
Source: SeeThruEquity Research; estimates in $A unless noted

Key Ratios

	FY14A	FY15A	FY16E
Gross margin (%)	68%	72%	70%
Operating margin (%)	-260%	-381%	-224%
EBITDA margin (%)	-194%	-381%	-224%
Net margin (%)	-244%	-307%	-209%
P/Revenue (x)	30.0	27.9	15.7
EV/Revenue (x)	27.0	25.1	14.1

Source: SeeThruEquity Research

Share Price Performance (A$, LTM)



Source: Bloomberg

SUMMARY TABLE

Figure 1. Summary Table (As of January 22, 2016)

Share data		B/S data (As of fiscal 4Q15)		Key personnel:	
Recent price:	$0.41	Total assets:	4.5mn	CEO	Thomas Liquard
Price target:	$1.37	Total debt:	0.0mn	Chief Scientific Officer	Dr. Jerry Kanellos
52-week range:	0.58 / 0.15	Equity:	3.3mn	Chief Medical Officer	Dan Peres
Average volume:*	25,618	W/C:	3.3mn		
Market cap:	$31.3mn	ROE:	-103%		
Book value/share:	$0.05	ROA:	-76%		
Cash/share	$0.04	Current ratio:	3.8		
Dividend yield:	0.00%	Asset turnover:	0.2		
Risk profile:	High / Speculative	Debt/Cap:	0.0%		

** three month average volume (number of shares) , all figures in A$ unless noted*

	Estimates			Valuation		
FYE June*	**Rev ($mn)**	**EBITDA ($mn)**	**EPS ($)**	**P/Rev (x)**	**EV/Rev (x)**	**P/E (x)**
2014A	1.0	(2.0)	(0.03)	30.0x	27.0x	NM
2015A	1.1	(4.3)	(0.05)	27.9x	25.1x	NM
1Q16E	0.4	(1.2)	(0.02)	22.4x	20.2x	NM
2Q16E	0.4	(1.2)	(0.01)	18.7x	16.8x	NM
3Q16E	0.6	(1.0)	(0.01)	13.6x	12.3x	NM
4Q16E	0.7	(1.1)	(0.01)	12.0x	10.8x	NM
2016E	2.0	(4.5)	(0.05)	15.7x	14.1x	NM
2017E	8.2	0.5	0.01	3.8x	3.4x	NM
2018E	9.3	0.5	0.01	3.4x	3.0x	NM

Source: SeeThruEquity Research, all figures in A$ unless noted

INVESTMENT THESIS

We initiate coverage on Immuron Limited (ASX: IMC, OTCQB: IMROY, "Immuron") with a price target of A$1.37 per share. Based in Melbourne, Australia, Immuron has developed a proprietary, all-natural oral immunotherapy technology targeting microbiome and inflammation. Immuron's proprietary technology has broad potential in a number of therapeutic applications for diseases in which inflammation plays a key role. Currently, Immuron is approaching the market with a two-pronged strategy that includes a growing over-the-counter (OTC) product line, which should contribute nicely while the company advances its promising clinical pipeline targeting several multi-billion dollar opportunities for indications with large unmet needs.

Immuron's lead OTC product is Travelan®, a product designed for the prevention and treatment of traveller's diarrhea. This is a market opportunity estimated at $500mn per year, with Travelan® having been shown to reduce traveller's diarrhea by 90.8%. Travelan® appears to be a fast-growing and profitable OTC product for Immuron, as the company should benefit from its recent US launch and expanding geographic distribution. On the clinical front, Immuron is focused on developing an attractive pipeline leveraging its proprietary immunotherapy technology. The company is initially targeting multi-billion dollar markets with unmet needs, which include: 1) intriguing Phase 2 clinical trials of the company's lead compound, **IMM-124E**, for fatty liver disease (NASH) and alcoholic fatty-liver disease (ASH); and 2) a planned Phase 1 trial for **IMM-529** Clostridium Difficile (C-Difficile), expected in calendar 2016E. Indeed, there are several potential

catalysts on the horizon for Immuron over the next twelve months, as the company is in the midst of expanding sales and distribution of Travelan®, plans to complete enrollment of its ongoing Phase 2 clinical trial for NASH within calendar year 2016E, and has announced its intention to list shares on the NASDAQ.

Proprietary, all natural platform with potential for many therapeutic applications

Immuron is developing a highly intriguing clinical pipeline using its proprietary oral immunotherapy technology targeting microbiome and inflammation. The technology platform is supported by a global portfolio of over 30 patents and pending patents, and leverages an all-natural, novel mechanism of action derived from antibody-enriched, hyper-immune bovine colostrum. Immuron has identified several indications representing multi-billion dollar market opportunities for which it believes its technology could be used to develop and commercialize therapeutic treatments, as illustrated in the pipeline below, provided by the company.

Source: Company investor materials

Immuron should be in a position to report meaningful updates to these clinical programs throughout 2016, as the company should complete the recruitment of its Phase 2 NASH clinical trial within calendar 2016, and should announce details around its C-Difficile trial by mid-year.

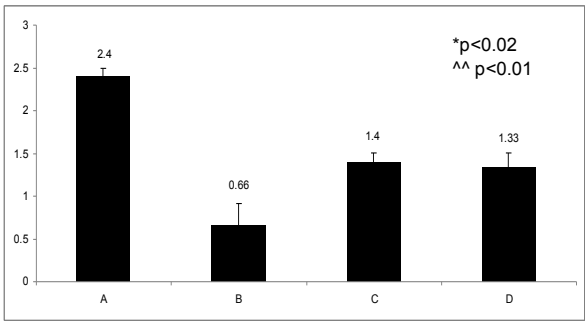
Phase 2 clinical trials for fatty-liver disease hold massive potential

Immuron intends to first focus on fatty liver disease, where its lead compound, IMM-124E, is currently in two Phase 2 trials – one for non-alcoholic Steatohepatitis (NASH), a disease with an estimated market opportunity expected to reach $35-$40Bn by 2025E, according to Deutsche Bank – and one for Alcoholic Steatohepatitis (ASH), which is one of only three programs selected (and fully funded) by the National Institute of Health (NIH) to spearhead clinical work around ASH. We see the backing of the ASH program by the NIH as a significant accomplishment for the company and one that speaks volumes towards the promise of the technology given the rigorous due diligence that would have been conducted by the NIH to fully fund the trial. NASH is a progressive, second stage condition in people with non-alcoholic fatty liver disease (NAFALD), which affects more than 25% of population in the US and 5% of the global population. NASH is associated with obesity, diabetes and hypertriglyceridemia, and in fact Immuron sees diabetes as a potential new indication for its technology in the future.

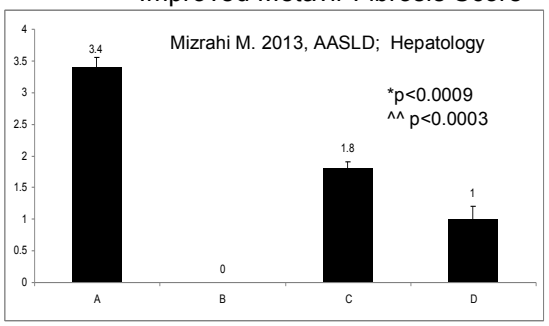
Immuron's Phase 2 trial IMM-124E for NASH is a double-blinded, placebo-controlled trial with three arms (control, high dose, low dose). The company is seeking to enroll 120 patients (40 per arm) at multiple sites in the US, Australia, and Israel. Notably, the principal on Immuron's NASH Phase II trial is Dr. Arun Sanyal, a leader in the field of NASH, and also the current Chairman of the NIH NASH Clinical Research Network and the Liver Forum for NASH and fibrosis. Immuron has enrolled over 40 patients to date and expects to

complete enrollment of the trial within calendar 2016. With the large recent estimates of the global market opportunity for treating NASH surpassing $35Bn by 2025E, there has been increased interest in potential therapeutic treatments for the disease. Immuron believes the key differentiators for IMM-124E are that it impacts the systemic and local inflammation that injures the liver. The company has shown in past studies that, by reducing inflammation, IMM-124E has the potential to improve liver function and actually reverse fibrosis, as shown in the following data.

Decreased Portal Inflammation



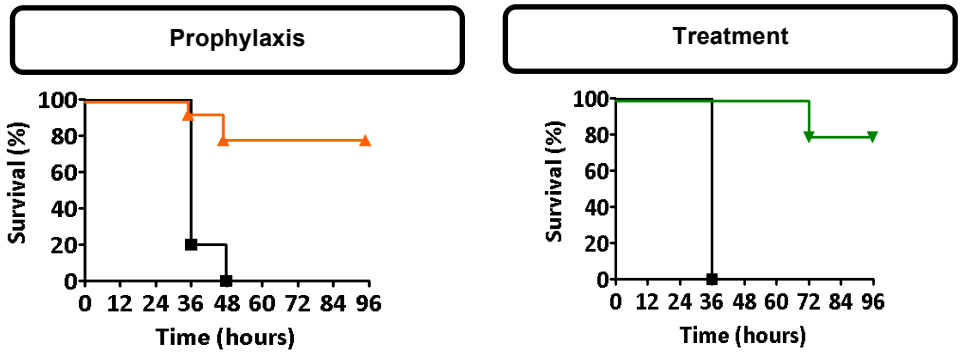
Improved Metavir Fibrosis Score



Source: Company investor materials

Large unmet need for IMM-529 targeting Clostridium Difficile (C-Difficile)

Immuron recently reported exciting results in a series of pre-clinical studies targeting C-Difficile. These studies included prevention, treatment and recurrence of C-Difficile infections. The prevention and treatment studies showed 80% effectiveness without the use of antibiotics while the recurrence studies showed a reduction of disease recurrence and mortality from 88.9% in the vancomycin group to 22.2% in the vancomycin + IMM-529 group. All study results were statistically significant. With these results, Immuron found that IMM-529 was the only compound that has showed efficacy in all three phases of the disease.



Source: Company investor materials

C-Difficile is a spore-forming bacteria that causes an intestinal inflammation as well as an infectious diarrhea called C-Difficile associated diarrhea (CDAD). IMM-529 was developed jointly with Monash University in Melbourne and is specifically designed for the prevention and treatment of C-Difficile infections. Importantly, IMM-529 is a combination vaccine that targets: toxin B, C-Difficile spores, and C-Difficile vegetative cells. C-Difficile is a multi-billion dollar indication for which there is a lack of approved treatments. According to the CDC, there were over 250,000 cases of C-Difficile in the United States last year, with the disease responsible for 14,000 deaths in the US alone. The leader of Immuron's C-Difficile pre-clinical program is Professor Dena Lyras of the University of Melbourne, who is a leading expert in C-Difficile known for the discovery of the critical role Toxin B plays in C-Diff published in *Nature* (2009). We expect to learn more about Immuron's clinical plans for C-Difficile in the first half of 2016E, when we expect the company to file an IND. It is worth noting that competitor Seres Therapeutics (MCRB) received an orphan drug designation from the FDA in August 2015 for SER-109, an oral therapeutic currently in a Phase 2 trial for the prevention

of C-Difficile. We would expect Immuron to pursue an orphan drug designation for its pathway as well, as it has substantial benefits for the clinical pathway.

Travelan® is generating revenue now and poised to expand sharply in 2016E

While there is clearly large potential upside from Immuron's clinical pipeline given the multi-billion dollar indications targeted by the company, there is also large potential upside from the company's OTC product line, **Travelan®** for traveler's diarrhea. Travelan® is an all-natural product derived from bovine colostrum that has been shown to reduce the chance of contracting traveller's diarrhea by more than 90% in independent clinical studies, with no reported treatment-related side effects. The market for Travelan®, which retails for approximately $30 for a pack of 30 capsules, is large –estimated at more than $500mn annually. The estimated size of the market opportunity is supported by data from the CDC, which calls Traveller's diarrhea "the most predictable travel-related illness" and estimates that attack rates range from 30% to 70% of people who travel depending on the destination and season of travel.

The active ingredient in Travelan® is Hyperimmune Bovine Colostrum Powder, a rich source of antibodies that bind to Enterotoxigenic E. coli (the most common cause of traveller's diarrhea) in the gastrointestinal tract, preventing them from attaching to the intestinal wall and neutralizing their ability to cause Travellers' Diarrhea. Importantly, Travelan® is an all-natural OTC product that was recently approved to be marketed as a dietary supplement in the United States. The product can now be sold through pharmacists, drug stores and general stores in the US, and Immuron added a Director of Sales for Travelan® in the United States in early 2015 to accelerate penetration of this strategic market. The company appears to be experiencing nice early momentum for Travelan® in the US, announcing its first major US customer in April 2015 – the largest US travel medical chain with over 240 clinics across the country—and adding new sales relationships with Wisconsin-based healthcare distributor Medico-Mart and Lone Star, CO-based TravelCare, a buying group serving over 70 travel clinics. Driven largely by expectations for US penetration, Immuron management is targeting worldwide Travelan® sales to more than double in 2016E.

Looking past the US, Immuron is expected to continue geographic expansion. In China, the company has already chosen a distribution partner in Beijing-based Linker Holdings Ltd, which will cover China, Hong Kong, and Macau. We also expect the company to announce new sales distribution plans in other geographies over the next 12 months, leaving a long runway for future growth.

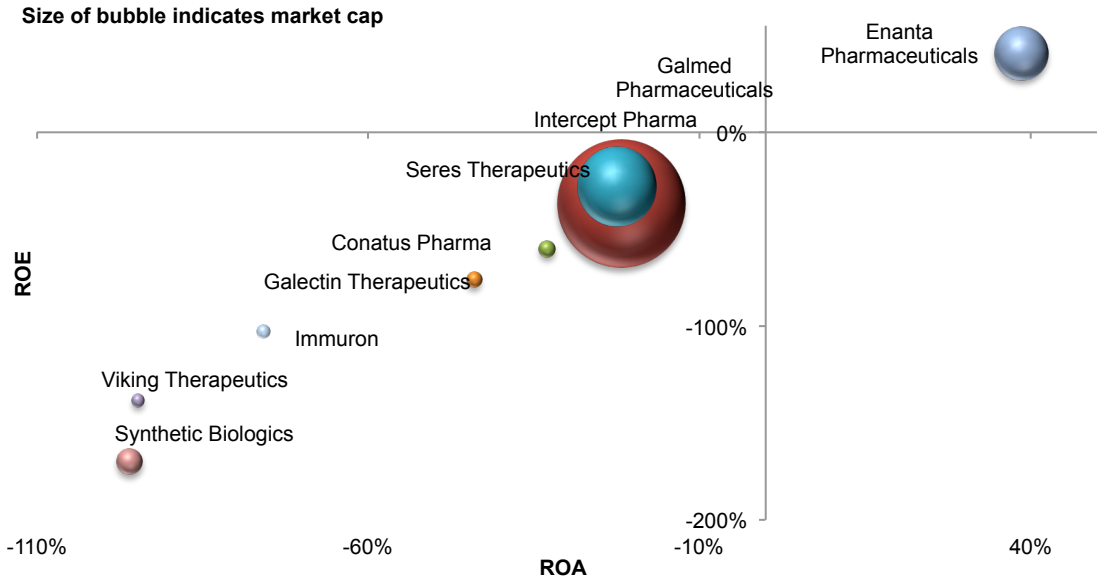
COMPETITIVE LANDSCAPE

Immuron operates in the large and intensely competitive global pharmaceuticals industry. This industry is marked by many large, well-funded companies, which have significant resources, access to top-flight research and development facilities, and established sales and distribution networks. Typically smaller companies such as Immuron focus on developing a proprietary therapeutic approach to a disease or series of diseases, and either bring products to market themselves in a costly and time-consuming regulatory process, or sell / form a strategic partnership with a larger pharmaceutical company, leveraging the partner's financial resources and experience with regulators to commercialize the products in their clinical pipeline.

Immuron has developed a proprietary oral immunotherapy technology targeting the microbiome and inflammation, with potential utility for a number of diseases. The company has already launched an OTC product for prevention of traveler's diarrhea –a $500mn global market – that uses this immunotherapy technology, and is focused on advancing its initial clinical programs for liver disease (NASH and ASH) and C-Difficile. These are multi-billion dollar indications representing huge unmet needs. NASH, in particular, has garnered significant attention from pharmaceutical companies, including Intercept Pharmaceuticals (Obeticholic Acid) and Gilead Science, and Novo Nordisk, among others. Indeed, an October 2015 estimate by London-based *Roots Analysis* pegged the market potential for treating NASH as reaching as high as $35Bn by 2030E. The market potential for C-Difficile infections also represents a large unmet need, as the CDC estimates that there are over 500,000 C-Difficile infections per year responsible for 14,000 deaths annually. According to Global Data, the market for therapeutics and prophylactics for C-Difficile is expected to reach $1.4Bn annually by 2024E, growing at a compounded annual rate of 15.8%. We expect Immuron to compete primarily against Merck's Dificid, as well as products from Sanofi (ACAM-CDIFF), Pfizer (PF-06425090) Synthetic Biologics (SYN0-004) and Seres Pharmaceuticals (SER-109), among others.

In the following graphic we examined key size and profitability metrics for a group of competitors and peer companies of Immuron, which have a Phase 2 or Phase 3 product for either NASH or C-Difficile. The peer group includes Intercept Pharmaceuticals, the most well-known drug company in the NASH marketplace, as well as other competitors including Conatus Pharmaceuticals, and Galmed Pharmaceuticals. For C-Difficile, we included Seres Pharmaceuticals and Synthetic Biologics, among others. We note that the majority of companies in the peer group are not generating recurring cash flow, and most are either clinical stage or have limited commercial products, resulting in a wide range of size and profitability. In our view, the key gage of future success will be the outcomes of ongoing clinical trials at these companies, which will reveal the efficacy and safety of their pipeline.

Figure 2. ROA vs. ROA– Immuron Peers



Source: Thompson Financial, Company filings, SeeThruEquity Research

FINANCIALS AND FUTURE OUTLOOK

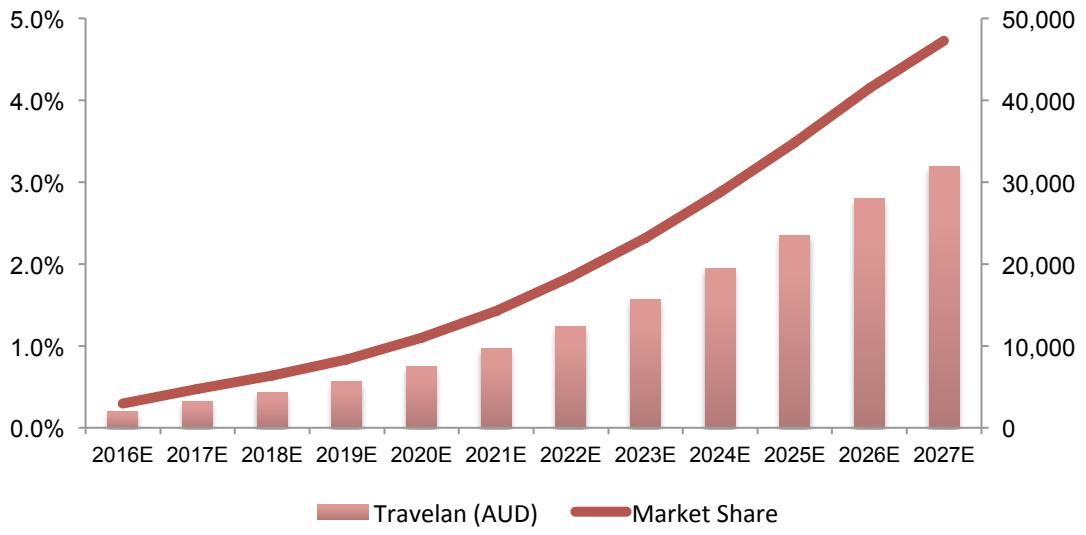
Revenue / License forecast

Immuron is approaching the market with a two-pronged strategy for revenue generation, combining existing over-the-counter (OTC) products anchored by Travelan® for traveller's diarrhea, with a clinical pipeline targeting several multi-billion dollar therapeutic areas. Broadly, we have forecast aggressive growth for Travelan® over the next several years, as the product seems to have reasonable momentum with expanding distribution in the United States, and upside potential as it seeks regulatory approval in China.

We think the largest potential for value creation in Immuron is in its clinical development portfolio, however, where it has two intriguing Phase 2 clinical trials targeting what management pegs as a $40Bn market opportunity for treating liver disease by 2030E (citing research from Deutsche Bank): IMM-124E for non-alcoholic fatty-liver disease (NASH), and IMM-124E for alcoholic fatty-liver disease (ASH). Immuron also recently announced plans to begin a Phase 1 trial for a third indication from its platform, IMM-529 for C-Difficile, during fiscal 2016E. Although Immuron is targeting several additional indications, including diabetes and colitis, for which it has encouraging pre-clinical data suggesting its technology platform may be able to generate new therapeutic treatments for these diseases, we have only included Travelan®, NASH, ASH, and C-Difficile in our model and valuation.

Travelan®
Travelan® is an over-the-counter drug is in the early stages of distribution, approved for OTC sale in the United States, Canada, Australia, and New Zealand, among other areas. Immuron generated approximately $1mn of sale from over-the-counter products in fiscal 2015, and management expects to more than double this figure in 2016E, driven by new sales and distribution relationships for Travelan® in the United States. Indeed, the company recently announced a 50,000 unit order for Travelan® from a new US distributor, which alone represents more than 75% of 2015 sales. Immuron management estimated the applicable market for Travelan® at $500mn-$600mn globally, in 2015. Our model assumes Travelan® sales rise to $2.0mn in fiscal 2016E and $3.2mn in fiscal 2017E, figures which seem attainable given that the United States and China represent large market opportunities relative to Australia, New Zealand and Canada. We have modeled steady growth throughout our forecast period, with Travelan approaching a 5% global market share by 2027E.

Figure 3. Travelan® Estimated Revenue and market share (FY16E – FY27E)



Clinical Pipeline Forecast

Immuron has three key clinical programs at this time, including two Phase 2 programs for liver disease, and one clinical program for C-Difficile expected to begin a Phase 1 clinical trial during 2016. For our model, we have assumed that the NASH and ASH Phase 2 trials are successful, and that the company engages a partner as it progresses into Phase 3 trials in fiscal 2018E, with approval in fiscal 2021E, and 2022E being the first full year of commercialization.

As we have assumed that Immuron pursues strategic license / partner relationships to bring its NASH, ASH and C-Difficile clinical programs to commercialization, we have assumed the company receives assistance with research and development for funding the trials as well as a total of $15mn in license / milestone payments through 2021E, with an 8% royalty fee on partner sales.

Our model assumes a combined market for NASH and ASH of $20Bn in 2022E, the first full year of commercialization, growing to $40Bn by 2027E. We assumed Immuron's partner is able to achieve market share of 1.5% in 2022E, growing to 12% by 2027E. Similarly, we estimated the company's products for CDIF to reach commercialization by 2025E, with market share rising from 2.5% in 2025E to reach 7.5% by 2027E. We applied a 60% probability discount to NASH and ASH estimated revenues, and a 71% discount to C-Difficile estimated revenues, to reflect the uncertainty that the drugs will ultimately be approved for commercialization.

Figure 3. IMC Estimated Clinical program revenues (FY22E – FY27E)

Fiscal Period	2022E	2023E	2024E	2025E	2026E	2027E
NASH Partner Sales (mn)	268	672	1,400	2,625	3,570	4,370
Royalties (8%)	21.5	53.8	112.0	210.0	285.6	349.6
Probability Discount	*60%*	*60%*	*60%*	*60%*	*60%*	*60%*
Probability- adjusted Royalties	**8.6**	**21.5**	**44.8**	**84.0**	**114.2**	**139.8**
ASH Partner Sales (mn)	30.7	76.8	160.0	300.0	412.0	509.2
Royalties (8%)	2.5	6.1	12.8	24.0	33.0	40.7
Probability Discount	*60%*	*60%*	*60%*	*60%*	*60%*	*60%*
Probability- adjusted Royalties	**1.0**	**2.5**	**5.1**	**9.6**	**13.2**	**16.3**
C-Diff Partner Sales (mn)				100.0	206.0	318.3
Royalties (8%)				8.0	16.5	25.5
Probability Discount				*71%*	*71%*	*71%*
Probability- adjusted Royalties				**2.3**	**4.8**	**7.4**

Source: SeeThruEquity Research

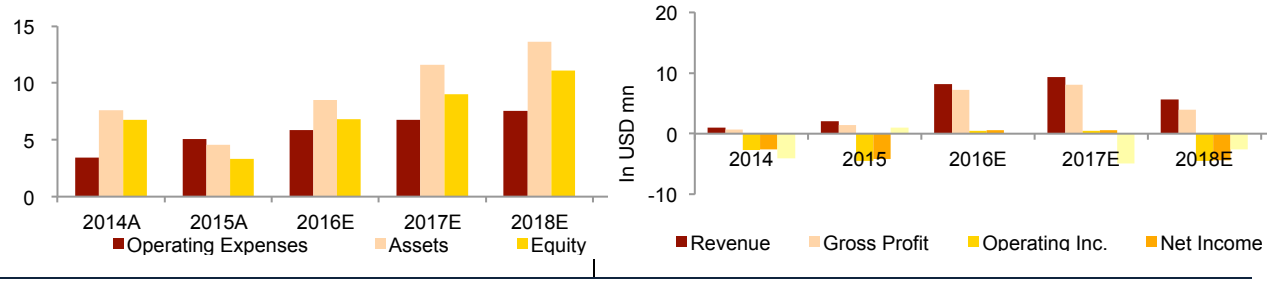
Balance Sheet & Financial Liquidity

Immuron has an adequate balance sheet at this time to complete its two key ongoing Phase 2 clinical trials for liver disease, with the NASH trial likely complete by the end of calendar 2016E. Beyond this, we do expect the company will require additional funding to continue to advance its clinical pipeline. The company has identified more indications that could potentially be addressed by its technology platform, including diabetes, though we have not included this pursuit in our estimates. Immuron management is also seeking to list the company's shares on the NASDAQ, a process that would likely be made easier by a capital raise. Considering these factors, have assumed that Immuron opts to raise additional capital during calendar 2016E, as outlined below.

Immuron had approximately $3mn in cash on hand at the end of FY15E, and is operating at a cash burn rate of $200,000 – $250,000 per month, providing significant runway. Management believes that cash on hand should be sufficient to make significant progress the ongoing NASH Phase 2 clinical trial and other high priority programs. Our analysis assumes the company raises an additional $5mn in new equity capital during 2016E. It is important to note that the cost of pursuing Phase III trials, should Immuron receive positive Phase 2 data from NASH, is significantly higher than Phase 2. We have assumed the company

pursues a partnership-based strategy to advance its clinical pipeline in fiscal 2017E and beyond. We have modeled the company to receive $15mn in license fees / milestone payments from potential strategic partners for NASH, ASH and C-Difficile, as well as assistance with the costs of the trial – and continued grant monies for ASH. If these do not materialize as we expect, the company is likely require additional funding of at least $15mn, in our view, in addition to the cost of funding studies for new indications beyond these three.

Figure 4. Key Performance Indicators of Immuron, FY14–18E



Source: Company filings, SeeThruEquity Research

VALUATION

We utilize discounted cash flow (DCF) analysis to determine our valuation for Immuron. We also included a peer company analysis comprised of companies also seeking to develop therapeutic treatments for liver disease and CDIF, though this is purely for informational and comparative purposes and not used in the calculation of the price target

We note that although Immuron is a revenue-generating company, with OTC products Travelan® and Protectyn®, the majority of our valuation stems from the potential in its prescription drug clinical pipeline – namely IMM-124E for NASH (Phase 2) IMM-124E for ASH (Phase 2), and IMM-524 for C-Difficile (Preclinical). These compounds target multibillion dollar market opportunities for which there are limited or no approved treatments in the United States. Given that Immuron's prescription drug pipeline is at the clinical stage and has not been approved for commercial treatment, there are inherently many uncertainties with the company's ability to generate value in the future. We sought to handicap these uncertainties by applying a probability discount to future revenues, as detailed the *Financial and Future Outlook* section of this report, as well as by selecting a high 20% discount rate in our DCF valuation model. Nevertheless, it is worth noting that the company's potential to create value will be dependent on the results of ongoing and future clinical trials, the results of which are uncertain, as well as its ability to execute at the commercial stage, likely through a partnership, if its products are approved by the FDA.

DCF

We expect Immuron will use cash approximately over the 2016E-2017E period, despite positive cash impacts from growing Travelan® sales in the US and, we have assumed, China. We expect the company will raise $20mn throughout our forecast period including $15mn in license deals / milestone payments prior to reaching commercialization of its NASH/ASH pipeline beginning in FY22E. As we outlined in the *Financials and Future Outlook* section of this report, we ascribed a probability discount to royalty revenues each clinical product line, reflecting the uncertainty of the whether the company will ultimately obtain FDA approval to market its products. We discounted cash flows at a weighted average cost of capital of 20.8% and assumed a terminal growth rate of 4.0% at the end of FY27E, then adjusted by the company's net cash on hand to arrive at a fair value of $1.37 per share, as outlined below.

Figure 5. Discounted Cash Flow Analysis

$000	FY18E	FY19E	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E
NASH (40% prob)	Phase 3	Phase 3	FDA	FDA	On Market	On Market	On Market	On Market	On Market	On Market
ASH (40% prob)	Phase 3	Phase 3	FDA	FDA	On Market	On Market	On Market	On Market	On Market	On Market
C-diff (29% prob)	Phase 2	Phase 2	Phase 2	Phase 3	Phase 3	FDA	FDA	On Market	On Market	On Market
EBIT	483	-4,488	-4,366	637	9,474	16,260	40,329	75,012	104,901	130,630
Less: Tax	0	0	0	0	0	0	3,260	10,614	19,145	31,919
NOPLAT	483	-4,488	-4,366	637	9,474	16,260	37,069	64,398	85,756	98,712
Working capital	-435	-212	1,930	220	58	409	-1,216	-785	1,594	1,240
D&A	40	100	300	400	1,000	1,200	1,267	1,343	1,424	1,509
Capex	-113	-300	-400	-900	-1,450	-1,740	-2,033	-2,155	-2,284	-2,421
FCFF	**-25**	**-4,900**	**-2,536**	**357**	**9,082**	**16,129**	**35,088**	**62,801**	**86,490**	**99,039**
Discount factor	0.57	0.47	0.39	0.32	0.27	0.22	0.18	0.15	0.13	0.10
PV of FCFE	-14	-2,309	-990	115	2,430	3,574	6,439	9,545	10,886	10,324
Sum of PV of FCFE										37,299
Terminal cash flow										614,932
PV: Terminal cash flow										64,099
Enterprise value										101,398
Less: Debt										0
Add: Cash										3,116
Equity value										**104,514**
Basic shares (mn)										76.4
Fair value per share ($)										**1.37**

Summary conclusions		Key assumptions	
DCF FV ($ per share)	1.37	Beta	2.5
Recent price ($ per share)	0.48	Cost of equity	20.8%
Upside (downside)	184.9%	Cost of debt (post tax)	12.0%
WACC	20.8%	Terminal Growth Rate	4.0%

Source: SeeThruEquity Research

Figure 6. Sensitivity of Valuation – WACC vs. Terminal Growth Rate

		WACC (%)				
		19.8%	20.3%	20.8%	21.3%	21.8%
Terminal growth rate (%)	3.00%	1.50	1.40	1.31	1.23	1.16
	3.50%	1.53	1.43	1.34	1.26	1.18
	4.00%	1.56	1.46	**1.37**	1.28	1.20
	4.50%	1.60	1.49	1.40	1.31	1.23
	5.00%	1.64	1.53	1.43	1.34	1.25
	5.50%	1.68	1.57	1.46	1.37	1.28

Source: SeeThruEquity Research

Peer Group Analysis

In addition to the DCF valuation methodology outlined above, we compared Immuron to a group of peer companies listed in the US. The majority of the peer group is in the clinical / pre-commercial stage, and thus a valuation exercise using traditional fundamental multiples is impractical. Although we did not use the peer group to determine a price target and valuation, in our view, the group is informative given that Immuron management believes the company is undervalued relative to US companies targeting liver disease and C-Difficile, and is currently pursuing a NASDAQ listing.

Our peer group includes Intercept Pharmaceuticals, which is currently in a Phase 3 clinical trial for NASHs well as many companies with Phase 2 candidates pursing NASH and/or CDIF. Given that the majority of the peer group is in the clinical stage, we do not believe a valuation based on fundamental factors such as EV/Revenue, P/E, or EV/EBITDA. We compared Immuron with companies with a clinical pipeline aimed at NASH and / or liver disease more broadly, such as Conatus Pharmaceuticals (CNAT), and Galmed Pharmaceuticals (GLMD), among others. We also examined companies developing prospective treatments for C-Difficile, such as Seres Therapeutics (MCRB), Assembly Biosciences (ASMB) and Synthetic Biologics (SYN).

Figure 7. Comparable Company Fundamentals (Data as of 1/3/16)

Company	Mkt cap ($ mn)	Enterprise Value	Est. Revenue FY16E	Est EPS FY16E	EBITDA TTM
Galmed Pharmaceuticals	84.5	59.1	N/A	(1.60)	(9.6)
Conatus Pharmaceuticals	57.2	13.8	1.4	(1.50)	(23.3)
Intercept Pharmaceuticals, Inc.	3633.7	2938.0	35.7	(12.42)	(174.0)
Seres Therapeutics	1370.6	1151.3	N/A	(1.66)	(41.8)
Enanta Pharmaceuticals	620.8	476.3	79.5	(0.02)	125.0
Synthetic Biologics	147.2	115.4	N/A	(0.66)	(36.0)
MediciNova Inc	106.4	82.7	N/A	(0.31)	(8.4)
Viking Therapeutics	33.0	17.4	N/A	(1.41)	(13.0)
Assembly Biosciences	129.4	63.6	N/A	N/A	(27.2)
Galectin Therapeutics	47.1	25.8	10.0	(0.50)	(18.9)
Average	**623.0**	**494.3**	**31.7**	**(2.23)**	**(22.7)**
Immuron*	36.7	33.6	2.0	(0.05)	(4.3)
Premium (discount)	NM	NM	NM	NM	NM

Source: Bloomberg, SeeThruEquity Research; all data in $ million expect per share data

**Immuron data in AUD million*

RISK CONSIDERATIONS

Access to Capital / Financing

We see continued access to capital to fund growth and clinical development as a key risk for Immuron. Our analysis of Immuron assumes that the company is able to gain access to new capital on terms that are palatable to holders of common equity, and but access to new capital in the future is inherently risky and uncertain. We have assumed the company is successful in raising new capital during 2016.

Immuron had approximately $3mn of cash on its balance sheet and no debt when it reported Fiscal 2015, ended June 30, 2015. The company has been operating at a burn rate in a range of $200,000 to $250,000 per month, and Immuron also expects to generate some cash from the recently launched commercial traveler's diarrhea product, Travelan®. All of this suggests that the company should have funding through most of 2016E; however, we believe Immuron will need to raise new capital to continue to drive its clinical development forward beyond its ongoing Phase 2 clinical trials for IMM-124E for NASH and other high priority programs. Management has indicated that it believes it has enough cash on hand to make significant progress on its ongoing Phase 2 trials, which we view as the most significant potential events for Immuron's development platform over the next year.

Risks associated with clinical development

Although Immuron does have a commercial product, Travelan® for traveler's diarrhea, which targets a large potential global market, the lion's share of the potential value for the company stems from its clinical development pipeline, which has two pre-clinical compounds in Phase 2 clinical trials for liver disease. These trials have not been completed, and their outcomes are inherently uncertain, as the company is attempting to develop new clinical treatments for liver disease, which is a challenging undertaking. Currently there are no approved treatments for NASH, a $40Bn potential market opportunity, which clearly points to the difficulty that well-funded companies in the pharmaceutical industry have had developing effective treatments for it. Even if Immuron achieves successful Phase 2 clinical results, the company will still need to complete additional, successful clinical trials showing, likely including a costly Phase 3 trial, before it can hope gain approval to market its products in the United States or internationally. This will likely require either new funding or a partner to advance development. Even if the company achieves positive results in its clinical trials for liver disease, there is no guarantee that its science will be replicable in a technology platform, which can create therapeutics for a series of inflammation-related indications, such as diabetes and colitis, as is hoped by management.

Competition

The pharmaceutical industry is large global marked that is extremely competitive. There are at least ten companies seeking to development new treatments for NASH, a $40Bn potential market with no approved treatments in the United States. Immuron competes against many companies with greater access to resources, more advanced research and development facilities, and more experience bringing new treatments through the FDA approval process. In the company's Travelan® product line, an OTC traveler's diarrhea product, the company competes with many larger companies with more established brands, and larger sales and distribution networks, which may make it difficult to gain market share, irrespective of the effectiveness of the product at preventing traveler's diarrhea.

Dilution potential

We expect Immuron to raise fresh capital by the issuance of equity instruments, including common equity, preferred equity, options and warrants, among others. We expect the company will need to raise new capital at the end of 2016E, and that it is likely to opt to raise new capital during the calendar year, perhaps as a part of the company's plans to list shares on the NASDAQ. Holders of common equity may have their positions over time as the company raises new capital. As of January 1, 2016, Immuron's latest publicly disclosed share count was 76.4mn shares, with 11.3mn options outstanding.

Regulation Risk

Immuron is a life sciences company operating in a highly regulated industry. The company is seeking to develop new treatments for liver disease with an aim of commercializing in the United States and internationally. In order to market its products in the United States, Immuron must conduct achieve

approval by the FDA, which is a time-consuming and expensive process involving lengthy applications and several clinical trials that must demonstrate the safety and efficacy of the company's therapeutic products. Furthermore, approval of pharmaceutical products in one region does not necessarily guarantee approval in countries governed by different regulatory bodies. In the OTC market, although Travelan has been approved for sale in the US, Canada, and Australia, Immuron is also seeking regulatory approval to market Travelan in China, which has not yet occurred. Shares of Immuron may be negatively affected if Travelan is not approved for sale in Chinese.

Management Team

Thomas Liquard – Chief Executive Officer (CEO)

Mr. Liquard has held various commercialization, product development and leadership roles with large pharma and biotech companies and holds an MBA from Columbia Business School and a Bachelor of Science degree from the University of Southern California. From 2013 to 2014, Mr. Liquard was COO and later CEO of Australian Biotech Company Alchemia where he managed an annual operating budget of $22M, brought two major investors onto the register and led all major business development and corporate development activities for the Company.

Prior to joining Alchemia, Mr. Liquard spent seven years with Pfizer in New York where he held various senior commercial positions in business and portfolio development, including the management of more than 70 projects at various stages of conclusion. Mr. Liquard also spent three years as a key member of Pfizer's Established Products US brands P&L Leadership Team where he engineered the group's $700M acquisition of Next Wave Pharmaceuticals, Inc (NextWave). Mr. Liquard led the pre and post acquisition integration efforts of Next Wave into the existing Pfizer business

Dr. Jerry Kanellos – Chief Operating and Scientific Officer

Dr. Jerry Kanellos has over twenty years' experience in the pharmaceutical and biotechnology industry, and has held leadership roles in business development, project management, intellectual property portfolio management research and development and senior management, and holds a PhD in medicine from the University of Melbourne.

Dr. Kanellos spent five years with TransBio Limited where as Chief Operating Officer, he was responsible for the strategic identification, development and maintenance of commercial partnerships globally, along with development, management and maintenance responsibility for the intellectual property portfolio, research and development and technology transfer. Prior to this, Dr. Kanellos worked for five years as a consultant to the biotech industry and has provided development and commercialization strategies for various bodies including academic institutes, private and publicly listed companies and government departments. He has also been involved in the establishment and management of several startup biotechnology companies.

During his ten years tenure in research and development at CSL Limited, Dr. Kanellos gained considerable experience in the drug development process, formulation development through to pharmaceutical scale up and cGMP manufacture successfully leading the Chemistry Manufacturing and Controls (CMC) programs for the approval, manufacture and launch of several products.

Dan Peres – Chief Medical Officer

Dr. Peres has served in various clinical and medical managerial roles in pharmaceutical and medical device companies such as Exalenz Bioscience, CarboFix Orthopedics Ltd, NMB Medical Applications Ltd, ByPass Makafim Ltd, IOPtima Ltd and NovoNordisk Israel. In addition, Dr Peres has been responsible for operational, marketing and business development activities throughout his career in the life sciences industry. Dr Peres began his career as a physician and medical director in various roles in the Israel army.

Dr. Peres' expertise lies with medical strategy, research and development, and the management of clinical studies and other laboratory processors. He has extensive knowledge of the leading International Centers for Liver Disease and established relationships with key Opinion leaders, including those currently participating in Immuron's NASH and ASH trials. Dr Peres has been a certified physician since 2002 when he graduated from the Sackler School of Medicine at Tel-Aviv University.

Dr. Yaron Ilan – NASH and Medical Consultant

Professor Ilan is the Director of the Inpatient Medicine Department at Hadassah Medical Center in Jerusalem, Israel. Dr Ilan is a world-renowned scientist in the fields of internal medicine, immunology and liver diseases, and has co-authored more than 240 peer-reviewed publications. Between 2002 and 2009 he served as the Vice Dean of the Hebrew University-Hadassah Medical School. He served as the President of the Israel Liver Association from 2005 to 2008. He is the inventor of a number of drugs in development by international pharmaceutical companies, and a holder of more than 50 patents. Dr Ilan has significant biotech industry experience and is the founder of several start-up companies.

Reza Moussakhani –Manufacturing Quality Director

Mr. Moussakhani MEng. (CP), Grad. Cert. (Eng Mgt), BSc. (Chemistry), Dip. Bus. (FM), is a professional operations and production manager with over 25 years experience in the implementation of project, quality and process improvements in the manufacture of therapeutics. He has effectively managed all aspects of goods manufacturing practice production and worked with companies such as Hospira, Sigma Pharmaceuticals, Ensign Laboratories and Quantum.

Travis Robbins – Director of US Sales

Travis is an accomplished, motivated leader with progressive years of proven success in dramatically increasing revenues and expanding market shares, while building key relationships. Building and leading top performing sales teams that embrace the highest standards of customer relationship management and retention. Excels at interacting with broad populations including senior management, staff, manufacturers, distributors, clinical professionals at physician practices, hospitals, government accounts, such as the VA, National and Regional accounts, clinics and universities. Effectively defines, develops and implements targeted action plans to maximize productivity, efficiency and profitability. Highly versatile; quickly masters new roles, responsibilities, technologies, and environments. Reputation for integrity, problem solving abilities, work ethic, and analytical skills.

Phillip Hains – Joint Chief Financial Officer

Phillip Hains serves as Immuron's joint Chief Financial Officer and Corporate Secretary. Mr. Hains is a Chartered Accountant and specialist in the public company environment who has served the needs of a number of public company boards of directors and related committees. He has over two decades of experience in providing accounting, administration, compliance and general management services. Holding a Masters of Business Administration from RMIT and a Public Practice Certificate from the Institute of Chartered Accountants, Mr Hains is currently a Non-Executive Director of Savcor Limited (ASX:SAV) and of Non-For-Profit organisation Outward Bound Australia.

Peter Vaughan– Joint Chief Financial Officer

Peter Vaughan serves as Immuron's joint Chief Financial Officer and Corporate Secretary. Mr. Vaughan is a Chartered Accountant who has worked in the listed company environment across a range of industries for more than 10 years. He has served on, and provided accounting, administration, compliance and general management services to, a number of private, not-for-profit and public company boards of directors and related committees. Peter is currently a director of Not-For-Profit organisation Wildlife Victoria Inc.

Board of Directors (Non-Executive)

Dr. Roger Aston – Non-Executive Chairman- B. Sc. (Hons), PhD.

Dr. Aston has more than 20 years of experience in the pharmaceutical and biotech industries. Dr. Aston was previously the Chief Executive Officer and a Director of Mayne Pharma Group Limited. Prior to his position at Mayne Pharma, some of his previous positions have included CEO of Peptech Limited (Australia), Director of Cambridge Antibody Technology Limited (UK) and Chairman of Cambridge Drug Discovery Limited (UK – now Bio Focus plc). Dr. Aston was also founder and CEO of Biokine Technology Ltd (UK) prior to its acquisition by the Peptech Group. Dr. Aston was also a director of pSivida Ltd. During the past 20

years of his career, Dr. Aston has been closely involved in the development of many successful pharmaceutical and biotechnology companies.

Dr. Aston has extensive experience including negotiating global licence agreements, overseeing product registration activities with the FDA, the establishment and implementation of guidelines and operating procedures for manufacturing and clinical trials, overseeing manufacturing of human and veterinary products, private and public fund raising activities and the introduction of corporate governance procedures

Mr. Peter Anastasiou (B.Psych)— Executive Vice Chairman

Mr. Anastasiou is a serial entrepreneur and investor with extensive experience in business both in Australia and overseas. Over the past 25 years, he has been credited with rebuilding a number of companies through the implementation of various corporate restructurings, acquisitions and solid financial management practices, with his most recent success being managing the restructuring of SABCO to ensure the future of this 100 year old iconic Australian company.

Mr. Anastasiou's involvement with Immuron commenced in May 2013 following his substantial underwriting support of the Company's Renounceable Rights Issue, which was surpassed by his further funding support of the $9.66M (before costs) capital raising in February 2014 resulting in an ownership of approx. 15% of the Company via his associated investment funds. Mr. Anastasiou was the founding Chairman of the ACSI Group of Companies, which has owned and managed successful consumer companies such as SABCO, Britex Carpet care, Rug Doctor and Crystal Clear.

Mr Anastasiou also has a number of philanthropic interests including being a patron of the Identity Theatre for men, a prior board member and supporter of the Indigenous Eye Health Unit at Melbourne University, a supporter of the John Fawcett Foundation in Bali, and a founding investor and Director of Melbourne Victory Football Club.

Mr. Stephen Anastasiou (BSc (Hons), Grad. Dip MKTG, MBA) – Non-Executive Director

Mr. Anastasiou has over 20 years' experience in general management, marketing and strategic planning within the healthcare industry. His breadth of experience incorporates medical diagnostics, pharmaceuticals, hospital, dental and OTC products, with companies including the international pharmaceutical company Bristol - Myers Squibb. While working with KPMG Peat Marwick as a management consultant, Mr. Anastasiou has previously led project teams in a diverse range of market development and strategic planning projects in both the public and private sector. He is also a director and shareholder of a number of unlisted private companies, covering a variety of industry sectors that include healthcare and funds management. Mr. Anastasiou's companies have participated in several corporate transactions involving business units and brands of multinational and Australian companies.

Mr. Daniel Pollock (LL.B; Dip L.P) – Non-Executive Director

Mr. Pollock is a lawyer admitted in both Scotland and Australia and holding Practicing Certificates in both Jurisdictions. He is sole practitioner in his own legal firm based in Melbourne, Australia which operates internationally and specializes in commercial law. Mr. Pollock is Chairman and Company Secretary of Amaero Pty Ltd, a company established to commercialize laser based additive manufacturing emerging from Monash University. He is also Executive Director and co-owner of Great Accommodation P/L a property management business operating in Victoria.

Mr. Pollock has had historical involvement as a seed investor and Board member of a number of small unlisted companies. The most recent of these was an E-Pharmacy company where he was heavily involved in its commercial growth and ultimate sale to a large listed health services company.

FINANCIAL SUMMARY

Figure 8. Income Statement

Figures in AUD$mn unless specified	FY14	FY15	FY16E	FY17E	FY18E	FY19E
Revenue	**1.0**	**1.1**	**2.0**	**8.2**	**9.3**	**5.6**
YoY growth	NM	NM	NM	NM	NM	NM
Cost of Sales	0.3	0.3	0.6	1.0	1.3	1.7
Gross Profit	**0.7**	**0.8**	**1.4**	**7.2**	**8.0**	**3.9**
Margin	NM	NM	NM	NM	NM	NM
Operating expenses	3.4	5.1	5.9	6.7	7.5	8.4
EBIT	(2.7)	(4.3)	(4.5)	0.5	0.5	(4.5)
Margin	NM	NM	NM	NM	NM	NM
EBITDA	**(2.0)**	**(4.3)**	**(4.5)**	**0.5**	**0.5**	**(4.4)**
Margin	NM	NM	NM	NM	NM	NM
Other income/ (expense)	0.2	0.8	0.3	0.1	0.1	0.1
Profit before tax	(2.5)	(3.4)	(4.2)	0.6	0.6	(4.4)
Tax	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**(2.5)**	**(3.4)**	**(4.2)**	**0.6**	**0.6**	**(4.4)**
Margin	NM	NM	NM	NM	NM	NM
EPS (per share)	**-0.03**	**-0.05**	**-0.05**	**0.01**	**0.01**	**-0.05**

Source: SeeThruEquity Research

Figure 9. Balance Sheet

Figures in AUD$mn unless specified	FY14	FY15	FY16E	FY17E	FY18E	FY19E
Current assets	7.6	4.5	8.5	11.6	13.5	11.4
Other assets	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	0.0	0.0	0.0	0.0	0.1	0.3
Current liabilities	**7.6**	**4.5**	**8.5**	**11.6**	**13.6**	**11.7**
Other liabilities	0.8	1.2	1.7	2.6	2.5	3.0
Shareholders' equity	0.0	0.0	0.0	0.0	0.0	0.0
Total liab and shareholder equity	6.8	3.3	6.8	9.0	11.1	8.7

Source: SeeThruEquity Research

Figure 10. Cash Flow Statement

Figures in AUD$mn unless specified	FY14	FY15	FY16E	FY17E	FY18E	FY19E
Cash from operating activities	(2.7)	(3.0)	(3.2)	2.7	1.7	(2.5)
Cash from investing activities	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.3)
Cash from financing activities	7.4	(0.0)	5.0	0.0	0.0	0.0
Net inc/(dec) in cash	**4.7**	**(3.0)**	**1.8**	**2.7**	**1.6**	**(2.8)**
Cash at beginning of the year	1.4	6.1	3.1	7.3	10.0	11.6
Cash at the end of the year	**6.1**	**3.1**	**5.0**	**10.0**	**11.6**	**8.8**

Source: SeeThruEquity Research

About Immuron Ltd.

Immuron Ltd (ASX:IMC; OTCQB:IMROY) is a microbiome company focused on developing and commercialising oral immunotherapeutics for the treatment of a many gut mediated diseases. Immuron has a unique and safe technology platform that enables a shorter development therapeutic cycle. The Company currently markets and sells Travelan® for the prevention of travellers' diarrhea, whilst its lead product candidate IMM-124E is in Phase 2b clinical trials for NASH and ASH. These products together with the Company's other preclinical immunotherapy pipeline products targeting immune-related diseases currently under development, will meet a large unmet need in the market.

For more information visit: http://www.immuron.com/

CONTACT:

Jay Albany, CFA
Associate Director of Research
SeeThruEquity, LLC
www.seethruequity.com
(646) 495-0939
jalbany@seethruequity.com

Ajay Tandon
Director of Research
SeeThruEquity, LLC
www.seethruequity.com
(646) 495-0939
ajay@seethruequity.com

DISCLOSURE:

This report has been prepared and distributed by SeeThruEquity, LLC. This report is based on sources that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. All information contained herein is subject to change without notice. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. Statements included in this report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of risks and uncertainties such as competitive factors, technological development, market demand and the company's ability to obtain new contracts and accurately estimate net revenues due to variability in size, scope and duration of projects, and internal issues.

SeeThruEquity has not been compensated for the preparation of this report. SeeThruEquity and/or its affiliates may have a long position with respect to the publicly traded shares of the subject company covered in this report. SeeThruEquity, LLC is not a broker-dealer and does not generate any investment banking or commission-based revenue with respect to the securities of the company described herein.

Our professionals may provide oral or written market commentary that reflects opinions that are contrary to the opinions expressed in this report. The price and value of the investment referred to in this report may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Our report is disseminated primarily electronically, and, in some cases, in printed form. Electronic report is simultaneously available to all recipients in any form. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof.