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(NASDAQ: ORMP)

Price	\$29.75
52 Week Range	(\$2.47 - \$31.54)
Price Target	\$40.00
Market Cap (mil)	\$308.33
Shares out (mil)	38.04
3-Mo Avg Vol	860,217
Cash per share	\$3.88
Total Debt (mil)	NA
Debt/Equity	NA

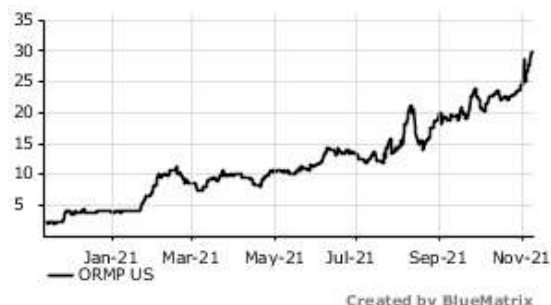
General: * Cash per share & shares out are pro-forma

EPS \$

Yr Aug	2020A		2021E		2022E	
	Actual	Curr	Prev	Curr	Prev	
Nov	(0.15)A	(0.22)A	-	(0.19)E	-	
Feb	(0.21)A	(0.17)A	-	(0.20)E	-	
May	(0.10)A	(0.17)A	-	(0.20)E	-	
Aug	(0.13)A	(0.19)E	-	(0.21)E	-	
YEAR	(0.56)A	(0.75)E	-	(0.80)E	-	

Revenues (millions) \$

Yr Aug	2020A		2021E		2022E	
	Actual	Curr	Prev	Curr	Prev	
Nov	1A	1A	-	1E	-	
Feb	1A	1A	-	1E	-	
May	1A	1A	-	1E	-	
Aug	1A	1E	-	1E	-	
YEAR	3A	3E	-	3E	-	



Oramed Pharmaceutical, Inc.

Buy

Volatility: 5

Price Target Change

Oral Insulin & Oral COVID-19 Vaccines coming Closer to Reality - Raising PT to \$40, Reiterate Buy rating

With their FY21 behind them (10K anticipated end-November), and multiple significant catalysts anticipated in the near term, we are revisiting our expectations for ORMP coming into year end. The time for the top line for the first of 2 pivotal Phase 3 trials is projected in early 2022, as well as the start of the first Oravax oral COVID-19 vaccine trial by year end 2021, we are lowering our risk assessment on ORMP's compounds and raising our price target to \$40 from \$25 previously, and reiterating our Buy rating on the shares. As of mid-2021 the first Phase 3 for ORMD-0801 for Type 2 diabetes mellitus (T2DM) was at 50% enrollment, and the second Phase 3 was at 35% enrollment. Recent conversations with management indicated that enrollment in both - while slightly slower than anticipated - remains on track and both are still expected to read out in 2022 as we had previously modeled. See Figure 2 below for our clinical trial timing estimates. ORMD-0801 is a novel oral insulin capsule that could revolutionize the treatment paradigm for type 2 diabetes. We anticipate that the 6-month top line efficacy data from the 1st trial could be available as soon as 1H22, with the top line data from the 2nd trial 6-9 months behind the 1st. We continue to believe that an effective oral insulin option like ORMD-0801 could gain significant market share in the T2DM population over injected insulin. Oravax, an oral vaccine for COVID-19, could be a significant opportunity for ORMP as well. Oravax is starting Phase 1 trials in the current Q, and we anticipate safety results as soon as early next Q, with Phase 2 potentially starting in 2022. The Oravax vaccine joint venture with Premas Biotech (private) is expected by ORMP to be thermally stable, obviating the need for complex cold-chain delivery & storage, which would be almost as significant as eliminating the painful needle stick (and injection site reactions) of current vaccine injections. We are reiterating our Buy rating and raising our price target to \$40 from \$25 previously. Our price target is based on a sum-of-the-parts with ORMD-0801 for T2DM valued at \$25/share, Oravax oral vaccine for COVID-19 valued at \$9/share, ORMD-0801 for NASH valued at \$2.50/share, and the remaining programs (ORMP-0901, oral leptin) plus cash (end-FY22E) at \$3.50/share for our \$40 price target.

ORMD-0801 could revolutionize treatment of T2DM. ORMD-0801 utilizes ORMP's Protein Oral Delivery (POD) technology, which is designed to protect orally delivered proteins through the stomach to be released in the lower intestine. We believe that an effective oral version of injectable insulin would grab significant market share, and could potentially replace injected insulin altogether.

Oravax oral vaccine should find broad usage for COVID-19, too. While the US and many other countries had appeared to be getting control of the COVID-19 pandemic through immunizations & infections, the Delta variant breakthrough demonstrates the challenges still ahead of us. It also reinforces the need for continued development of new options for COVID-19 treatment. An effective orally available vaccine could be an absolute game-changer, in our opinion, as injection site reactions and needle-avoidance would be eliminated with an oral vaccine option.

Raising PT as timelines get shorter & uncertainly gets lower. The company anticipates efficacy data from the first Phase 3 trial of ORMD-0801 in 1HFY22, with the second Phase 3 approximately 6-9 months behind the first. Each will be followed by the final safety data in ~6 months after the efficacy data. We continue to anticipate both the US BLA filing and the EU EMAE filing in late 2023/early 2024. As timelines compress we have lowered our discount rate on our expected \$850M in sales in 2030 from 20% to 15% which drives our expected PT contribution for ORMD-0801 to \$25 from \$18/share previously. ORMP expects to start the Phase 1 trials for Oravax, the company's oral COVID-19 vaccine, before the end of 2021. We continue to believe that oral vaccines will have a significant role to play, even in light of the success of the mRNA vaccines to date. We have lowered our discount rate on our anticipated \$250M in 2025 expected Oravax sales from 55% to 35% which drives our expected PT contribution for ORMD-0801 to \$9 from \$5/share previously. We have also lowered

our discount rate on our anticipated \$300M in 2030 expected ORMD-0801 for NASH sales from 55% to 35% which drives our expected PT contribution for ORMD-0801 to \$2.50 from \$1/share previously. Management recently completed a \$50M raise, which included with an expected \$50M in ATM & option/warrant exercise in the Q is expected to put ORMP at ~\$175M on a pro-forma basis.

Reiterate Buy rating, raising PT to \$40, from \$25 previously. Our price target is based on a sum-of-the-parts with ORMD-0801 for T2DM valued at \$25/share, Oravax oral vaccine for COVID-19 valued at \$9/share, ORMD-0801 for NASH valued at \$2.50/share, and the remaining programs (ORMP-0901, oral leptin) plus cash (end-FY22) at \$3.50/share for our \$40 price target.

Valuation:

We value ORMP at \$40/share based on a sum-of-the-parts primarily due to our expectations for ORMP-0801 for Type 2 Diabetes (T2DM). We anticipate ORMP receives FDA/EMA approval for ORMP-0801 for T2DM in 2HFY24 (August FY), with a launch in 1HFY25 with WW sales reaching \$850M by FY30. We place a 4x multiple on WW sales, discounted back 8 years at 15% for our \$25/share value. We value Oravax at \$9/share based on expectations for approval and \$250M in sales by 2025. We place a 4x multiple on sales discounted back 3 years at 35%. We anticipate ORMD launches ORMD-0801 for NASH in FY27 with US sales reaching \$300M by FY30. We place a 4x multiple on US sales, discounted back 8 years at 35% for our \$2.50/share value. We value the remaining technology at ORMP (ORMP-0901 oral GLP-1 analog, Oral leptin for weight loss) and cash (end FY22E) at \$3.50/share for our \$40/share valuation.

Risks to achievement of target price:

Exogenous events could impact our outlook. We believe pharmaceutical companies have the least control over competitive, political, and regulatory risks. Although we have incorporated competitive assumptions into our forecasts, there may be other risks beyond the scope of our analysis. Changes in the drug reimbursement system, as well as any political or regulatory amendments, may significantly influence the earnings power of these companies.

Actual clinical results and the FDA's conclusions may deviate from expectations. Many of our assumptions are based on a review of incomplete clinical trial data available in the public domain. Often, our conclusions are drawn from early stage data, which may not be reflected by pivotal studies. Furthermore, the FDA's conclusions may not coincide with our own, materially changing our revenue and earnings assumptions.

Compliance issues, product recalls, and other mandates by regulatory authorities could materially change our expectations. Regulatory compliance issues, ranging from accounting irregularities to defective manufacturing practices, could materially change our assumptions and earnings outlook. Unanticipated product recalls and labeling changes could also have adverse consequences on our earnings assumptions.

Legal risks could lead to additional liabilities and revenue loss. In addition to the expenses incurred by patent challenges, product liability and other legal suits could occur and lead to additional liabilities and revenue loss, which could substantially change our financial assumptions.

Raising additional capital may cause dilution. If the company requires additional funding through raises in equity offerings, or similar financial instruments shareholders' ownership interests will be diluted, and the terms of these new securities may include liquidation or other preferences that adversely affect shareholders' rights.

Please see the company's SEC filings for a more comprehensive discussion of potential risks.

Company description:

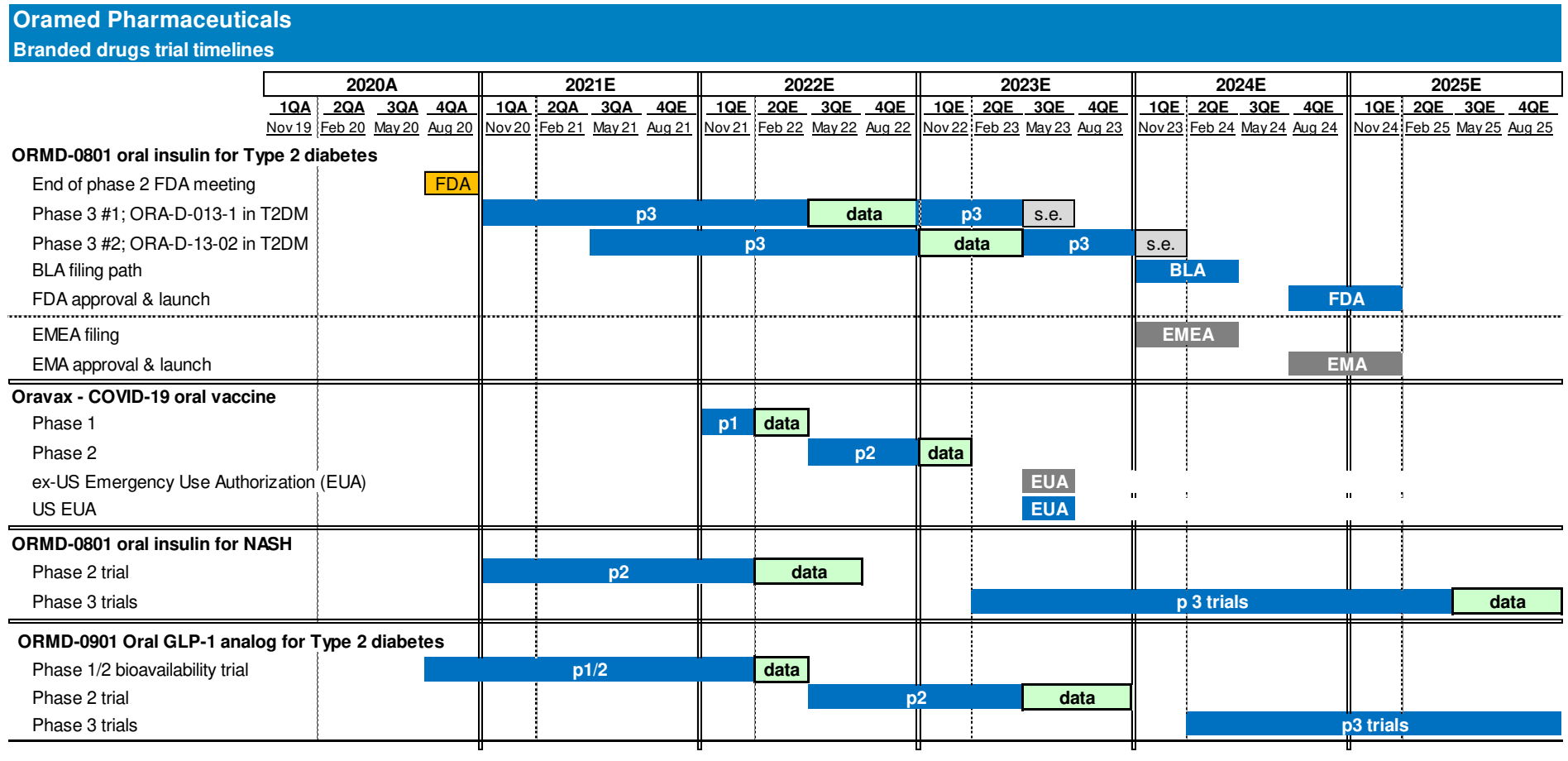
Oramed is developing oral delivery solutions for drugs delivered via injection. The company focuses in the research and development of pharmaceutical solutions, including an oral insulin capsule to be used for the treatment of individuals with diabetes, and the use of orally ingestible capsules or pills for delivery of other polypeptides including COVID-19 vaccines. The company was founded by Nadav Kidron and Miriam Kidron on April 12, 2002 and is headquartered in New York, NY.

Figure 1. Sum-of-the-Parts

Sum-of-the-parts valuation		
Segment	Valuation (000's)	Per share value
ORMD-0801 for T2D	\$1,139,253	\$25.00
Oravax oral COVID vaccine	\$406,442	\$9.00
ORMD-0801 for NASH	\$102,434	\$2.50
Cash (end-'FY22E) & other	\$158,182	\$3.50
SUM	\$1,806,311	\$40.00
Fully diluted shares out FY22E (000)		40,880

Source: AGP estimates

Figure 2: Potential clinical trial timelines



Source: Company reports; AGP estimates

Figure 3: Quarterly Income Statement

Oramed Pharmaceuticals										
Quarterly income statement										
(\$000 except per share)	2020A				2020A Year Aug 20	2021E				2021E Year Aug 21
	1QA Nov 19	2QA Feb 20	3QA May 20	4QA Aug 20		1QA Nov 20	2QA Feb 21	3QA May 21	4QE Aug 21	
Revenues	\$674	\$674	\$681	\$681	\$2,710	\$674	\$665	\$681	\$681	\$2,701
Total revenues	\$674	\$674	\$681	\$681	\$2,710	\$674	\$665	\$681	\$681	\$2,701
Expenses										
COGS										0
Gross profits	674	674	681	681	2,710	674	665	681	681	2,701
Research & development	2,022	3,320	1,925	2,968	10,235	5,774	3,869	5,502	5,750	20,895
Selling, general & admin	1,081	1,391	1,030	730	4,232	727	1,664	1,297	1,500	5,188
Total operating expenses	3,103	4,711	2,955	3,698	14,467	6,501	5,533	6,799	7,250	26,083
Income (loss) from ops	(2,429)	(4,037)	(2,274)	(3,017)	(11,757)	(5,827)	(4,868)	(6,118)	(6,569)	(23,382)
Interest income, net	209	169	200	112	690	257	260	493	250	1,260
other inc / fin expense	(323)	180	(210)	(91)	(444)			418		418
Net income (loss)	(2,543)	(3,688)	(2,284)	(2,996)	(11,511)	(5,570)	(4,608)	(5,207)	(6,319)	(21,704)
Earnings per share	(\$0.15)	(\$0.21)	(\$0.10)	(\$0.13)	(\$0.56)	(\$0.22)	(\$0.17)	(\$0.17)	(\$0.19)	(\$0.75)
Weighted avg. shares (000)	17,472	17,818	23,215	23,622	20,532	25,746	27,004	29,930	33,130	28,952
Fully diluted shares (000)	21,839	22,659	28,409	29,325	25,558	31,024	32,406	35,235	39,880	34,636

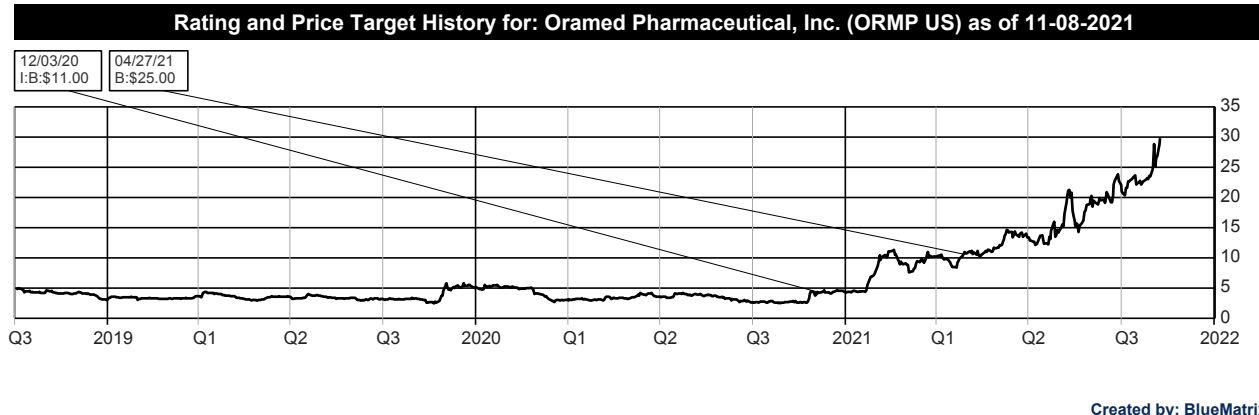
Source: Company reports; AGP estimates

Figure 4: Annual Income Statement

Oramed Pharmaceuticals					
Annual income statement					
(\$000 except per share)	2020A	2021E	2022E	2023E	Comments
	Aug 20	Aug 21	Aug 22	Aug 23	
Revenues					
Revenues	\$2,710	\$2,701	\$2,724	\$2,724	License agreement here
Total revenues	\$2,710	\$2,701	\$2,724	\$2,724	
Expenses					
COGS	0	0	0	0	
Gross profits	2,710	2,701	2,724	2,724	
Research & development	10,235	20,895	28,000	29,500	2 Phase 3 trials 2021-2023
Selling, general & admin	4,232	5,188	6,050	8,000	
Total operating expenses	14,467	26,083	34,050	37,500	
Inc (loss) from ops	(11,757)	(23,382)	(31,326)	(34,776)	
Interest income	690	1,260	400	400	
Income tax	0	0	0	0	
other inc / fin expense	(444)	418	0	0	
Net income (loss)	(11,511)	(21,704)	(30,926)	(34,376)	
Earnings per share	(\$0.56)	(\$0.75)	(\$0.80)	(\$0.85)	
Weighted avg. shares (000)	20,532	28,952	38,880	40,630	
Fully diluted shares (000)	25,558	34,636	45,380	40,630	
Cash & equivalents	\$43,828	\$64,533	\$129,682	\$95,246	\$50M raise 11/5/21 & option/warrant exercise

Source: Company reports; AGP estimates

Important Research Disclosures



Distribution of Ratings/IB Services

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [BUY]	108	85.04	28	25.93
HOLD [NEUTRAL]	15	11.81	1	6.67
SELL [SELL]	0	0.00	0	0
NOT RATED [NR]	4	3.15	1	25.00
UNDER REVIEW [UR]	0	0.00	0	0

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Sources referenced in this report: The information and statistics in this report have been obtained from sources we believe are reliable but we do not warrant their accuracy or completeness.

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Buy: Expected to materially outperform sector average over 12 months and indicates total return of at least 10% over the next 12 months.

Neutral: Returns expected to be in line with sector average over 12 months and indicates total return between negative 10% and 10% over the next 12 months.

Sell: Returns expected to be materially below sector average over 12 months and indicates total price decline of at least 10% over the next 12 months.

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Under Review: The rating will be updated soon pending information disclosed from a near-term news event.

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1 (Low): Little to no sharp movement in stock price in a 12 month period

2 (Low to medium): Modest changes in stock price in a 12 month period

3 (Medium): Average fluctuation in stock price in a 12 month period

4 (Medium to High): Higher than average changes in stock price in a 12 month period

5 (High): Extremely sharp movements in stock price in a 12 month period

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