



June 8, 2021

Key Metrics

ORMP - NASDAQ	\$13.60
Pricing Date	Jun 7 2021
Price Target	\$20.00
52-Week Range	\$13.87 - \$2.40
Shares Outstanding (mm)	30.2
Market Capitalization (mm)	\$410.7
3-Mo Average Daily Volume	632,547
Institutional Ownership	4%
Debt/Total Capital	NM
ROE	NM
Book Value/Share	\$1.75
Price/Book	7.8x
Dividend Yield	NM
LTM EBITDA Margin	NM

EPS FY: August

	2020A	Prior 2021E	Curr. 2021E	Prior 2022E	Curr. 2022E
1Q-Nov	(0.15)	--	(0.23)A	(0.12)E	(0.13)E
2Q-Feb	(0.21)	(0.16)E	(0.17)A	--	(0.12)E
3Q-May	(0.10)	--	(0.14)E	--	(0.12)E
4Q-Aug	(0.13)	--	(0.13)E	(0.11)E	(0.12)E
FY	(0.56)	--	(0.66)E	(0.47)E	(0.49)E
P/E					

Revenue (M)

	2020A	Prior 2021E	Curr. 2021E	Prior 2022E	Curr. 2022E
1Q-Nov	0.7	--	0.7A	--	0.7E
2Q-Feb	0.7	--	0.7A	--	0.7E
3Q-May	0.7	--	0.7E	--	0.7E
4Q-Aug	0.7	--	0.7E	--	0.7E
FY	2.7	--	2.7E	--	2.7E

Company Description:

Oramed Pharmaceuticals, Inc. is an clinical-stage biotechnology company that is developing orally formulated therapeutics, including an oral insulin. The company was founded in 2006 and has offices in New York and Jerusalem.

Company Update / Price Target Change / Estimates Change
Oramed Pharmaceuticals, Inc.

Rating: Buy**Clinical Trial Progress Update; Oravax Medical****Investment Highlights:**

- Trial progress.** On May 25th, Oramed indicated that ORA-D-013-1, the first of its two pivotal phase 3 trials of oral insulin candidate, ORMD-0801, to treat type two diabetes (T2DM) patients, had recruited nearly 300 of the planned 675 patients across 75 U.S. clinical sites. Subsequently, today (June 8th), Oramed indicated that ORA-D-013-1 has reached 50% of enrollment and randomization. Additionally, ORA-D-013-2, the second pivotal phase 3 trial, commenced enrollment in March, and is planned to recruit 450 patients. The company will likely complete the enrollment in ORA-D-013-1 in 2021, with efficacy data expected after all patients have completed 6-months of treatment (i.e. expected in 2022).
- Oravax Medical.** As part of a joint venture with Premas Biotech (private), Oramed is developing an oral Covid-19 vaccine candidate which combines Oramed's proprietary oral drug encapsulation technology with Premas Biotech's vaccine technology. The clinical trial is expected to begin in 2H21. Additionally, Oramed stated that it will seek to unlock Oravax value for Oramed shareholders. This could include issuing a share dividend of Oravax Medical to Oramed shareholders along with a path to listing as a separate publicly traded company.
- Valuation and estimates.** We rate shares of ORMP a BUY and raise our PT to \$20 (from \$12). Our updated PT is predicated on a discounted cash flow valuation with an adjusted discount rate of 12% (from 20%), that reflects the company's graduation from a mid-stage biotech with promising phase 2 data, to achieving significant progress in its pivotal trials of lead asset ORMD-0801. At this time, we treat Oravax Medical as option value, however we will likely reevaluate that stance as we glean more information around the structure and timing of any value-unlocking catalysts. Today's estimate updates also include incorporating results for the quarter ended Feb 28th. As of April 13th, Oramed had \$75mm in cash and no debt. Risks include: 1) clinical, 2) financial, 3) operational, and other.

Valuation

Discounted cash flow valuation summary

Interim years value	\$390,604,886
Terminal value	\$223,436,992
Total value	\$614,041,877

Peak insulin market share	2.05%
Peak sales estimate	\$265,189,359
Discount rate	12%
Terminal growth rate	2%

Price target	\$20
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Source: Aegis Capital estimates

Income statement

	FY:19A		FY:20A		FY:21E				FY:22E			
	FY:19A	FY:20A	1QA	2QA	3QE	4QE	FY:21E	1QE	2QE	3QE	4QE	FY:22E
	8/31/2019	8/31/2020	11/30/2020	2/28/2021	5/31/2021	8/31/2021	8/31/2021	11/30/2021	2/28/2022	5/31/2022	8/31/2022	8/31/2022
Revenues	2.7	2.7	0.7	0.7	0.7	0.7	2.7	0.7	0.7	0.7	0.7	2.7
<i>Growth</i>												
Cost of revenues	0.1											
Gross profit	2.6	2.7	0.7	0.7	0.7	0.7	2.7	0.7	0.7	0.7	0.7	2.7
<i>Gross margin</i>												
Research and development	13.5	10.2	5.8	3.9	3.5	3.1	16.3	3.1	3.0	2.9	2.9	11.9
General and administrative	3.7	4.2	0.7	1.7	1.7	1.7	5.8	1.8	1.8	1.8	1.9	7.3
Operating gain (loss)	(14.6)	(11.8)	(5.8)	(4.9)	(4.5)	(4.2)	(19.4)	(4.2)	(4.1)	(4.1)	(4.1)	(16.5)
<i>Operating margin</i>												
Interest income	1.1	0.7	0.3	0.3	0.3	0.3	1.0	0.3	0.3	0.3	0.3	1.0
Interest expense	0.5	0.4										
Income (loss) from changes in fair value of investments												
Income (loss) before tax	(14.1)	(11.5)	(5.6)	(4.6)	(4.3)	(3.9)	(18.4)	(3.9)	(3.9)	(3.9)	(3.8)	(15.5)
Tax	0.3											
Net gain (loss)	(14.4)	(11.5)	(5.6)	(4.6)	(4.3)	(3.9)	(18.4)	(3.9)	(3.9)	(3.9)	(3.8)	(15.5)
Unrealized income on available for sale securities												
Total other OCI												
Total comprehensive gain (loss)												
Diluted gain (loss) per share	(0.82)	(0.56)	(0.23)	(0.17)	(0.14)	(0.13)	(0.66)	(0.13)	(0.12)	(0.12)	(0.12)	(0.49)
<i>Diluted weighted average shares outstanding</i>	<i>17.45</i>	<i>20.53</i>	<i>23.75</i>	<i>27.00</i>	<i>30.23</i>	<i>30.55</i>	<i>27.88</i>	<i>30.86</i>	<i>31.18</i>	<i>31.50</i>	<i>31.81</i>	<i>31.34</i>

Source: Aegis Capital estimates, company filings

Required Disclosures

Price Target

Our price target on ORMP is \$20

Valuation Methodology

We value ORMP using a discounted cash flow analysis.

Risk Factors

- **Development risk.** Drugs in clinical development may not advance due to inadequate safety, efficacy, or patient tolerance.
- **Regulatory risk.** Regulatory agencies may decline to approve regulatory submissions in a timely manner, or may not approve a drug candidate at all.
- **Dilution risk.** The firm may require substantial funding to complete the clinical development of its candidates and establish commercial infrastructure, and future capital raises could be dilutive to existing shareholders.
- **Competition risk.** We expect competition for the company's drugs from several public and private companies developing pharmaceuticals.
- **Reimbursement risk.** Sales of the firm's drugs could depend upon reimbursement from private, as well as public, reimbursement agencies.
- **Other risks.** There may be other risks, including COVID, other externalities, key man, or other risks. Our failure to state a risk specifically does not obviate its presence or potential impact on the value or price of shares in Oramed.

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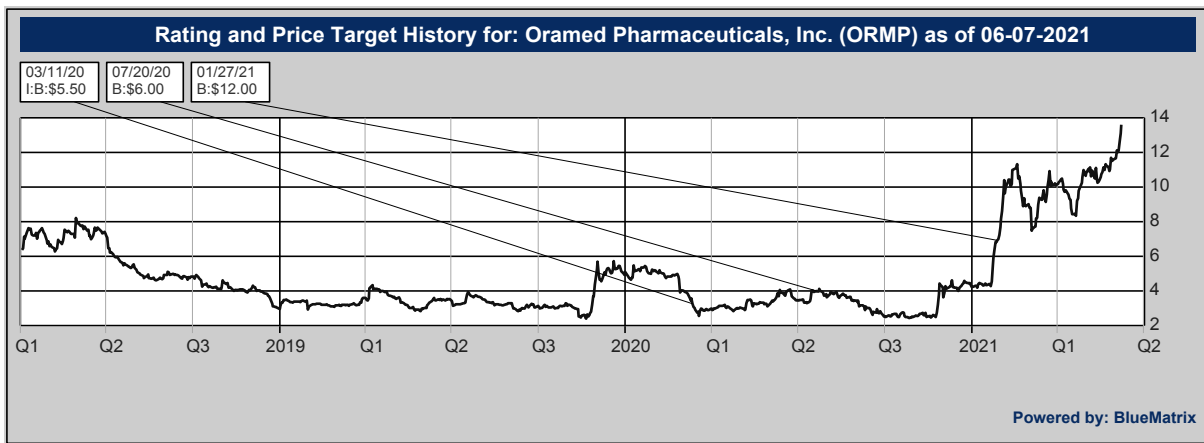
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**Investment Banking
Services/Past 12 Mos.**

Rating	Percent	Percent
BUY [BUY]	93.18	36.59
HOLD [HOLD]	6.82	33.33
SELL [SELL]	0.00	0.00

Meaning of Ratings

- A) A Buy rating is assigned when we do not believe the stock price adequately reflects a company's prospects over 12-18 months.
- B) A Hold rating is assigned when we believe the stock price adequately reflects a company's prospects over 12-18 months.
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