Canaccord Genuity Capital Markets

Company Update

Oramed Pharmaceuticals

Biotechnology

US Equity Research
23 August 2021

Rating	Price Target
BUY *unchanged*	**US$30.00** *unchanged*
ORMP-NASDAQ	Price **US$15.85**

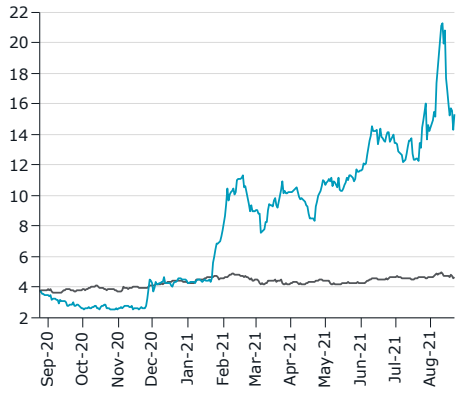
Market Data

52-Week Range (US$) :	2.40 - 23.57
Market Cap (US$M) :	515.3
Shares Out., Basic (M) :	32.5
Enterprise Value (US$M) :	447
Cash (US$M) :	69.6

FYE Aug	2020A	2021E	2022E
Revenue (US$M)	2.7	3.7	2.5
EPS GAAP (US$)	(0.56)	(0.90)	(1.52)

Quarterly Revenue	Q1	Q2	Q3	Q4
2020A	0.7	0.7	0.7	0.7
2021E	0.7A	0.7A	0.7A	1.7
2022E	-	-	-	-

Quarterly EPS GAAP	Q1	Q2	Q3	Q4
2020A	(0.15)	(0.21)	(0.10)	(0.13)
2021E	(0.23)A	(0.17)A	(0.17)A	(0.29)
2022E	-	-	-	-



Source: FactSet

Priced as of close of business 23 August 2021

Edward Nash | Analyst | Canaccord Genuity LLC (US) | enash@cgf.com | 212.389.8128

Strong clinical progress made for oral insulin in T2D and NASH

Investment Recommendation

We had the pleasure of hosting Oramed at our 41st Annual Growth Conference. Chief Commercial Officer Michael Rabinowitz joined our discussion and presented the latest corporate update. Mr. Rabinowitz presented data from the clinical programs conducted by the company to date, and emphasized the flagship product, oral insulin, ORMD-0801, designed and developed using the company's proprietary POD (Protein Oral Delivery) technology. In our opinion, the company's lead product, ORMD-0801 has the potential to become the first commercialized orally delivered insulin in the U.S. Oramed also plans on initiating a clinical trial for its oral COVID-19 vaccine in 2H21. We believe shares are currently undervalued and do not represent the company's long-term growth potential. We reiterate our BUY rating for ORMP shares and maintain our target price at $30.

Figure 1: Revenue build of ORMD-0801 for T2D in the U.S.

Oramed Pharmaceuticals, Inc. (ORMP) T2D Revenue Build	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Type 2 Diabetes (T2D) - U.S.													
U.S. population (MM)	337.6	340.0	342.4	344.9	347.3	349.8	352.3	354.8	357.3	359.8	362.4	364.9	367.5
T2D prevalence rate	10.1%	10.3%	10.5%	10.7%	10.9%	11.1%	11.3%	11.6%	11.8%	12.0%	12.3%	12.5%	12.8%
T2D prevalence, U.S.	33,986,982	34,913,855	35,865,951	36,840,957	37,844,578	38,875,540	39,934,587	41,022,486	43,140,020	43,287,998	44,467,950	45,678,637	46,993,004
T2D diagnosis rate	79.0%	79.0%	79.0%	79.0%	80.0%	80.0%	80.0%	80.0%	81.0%	81.0%	81.0%	81.0%	82.0%
Diagnosed T2D patients, U.S.	26,849,716	27,581,155	28,332,521	29,104,356	30,275,662	31,100,432	31,947,670	32,817,989	34,133,416	35,063,278	36,018,473	36,999,688	38,476,863
Percentage of T2D patients taking injectable insulin	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
T2D patients that use injectable insulin	4,295,955	4,413,065	4,533,203	4,656,617	4,844,106	4,976,069	5,111,627	5,250,878	5,461,347	5,610,124	5,762,956	5,919,950	6,156,298
ORMD-0801 market penetration	0.1%	0.2%	0.6%	1.5%	3.3%	7.0%	9.0%	11.0%	13.0%	15.0%	15.0%	15.0%	15.0%
Patients adopting ORMD-0801	4,296	8,826	27,199	69,850	159,855	348,325	460,046	577,597	709,975	841,519	864,443	887,993	923,445
WAC per patient per year	$3,174.4	$3,269.7	$3,367.8	$3,468.8	$3,572.9	$3,680.0	$3,790.4	$3,904.2	$4,021.3	$4,141.9	$4,266.2	$4,394.2	$4,526.0
Gross to net rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Net realized price per patient per year	$2,698.3	$2,779.2	$2,862.6	$2,948.5	$3,036.9	$3,128.0	$3,221.9	$3,318.5	$3,418.1	$3,520.6	$3,626.3	$3,735.0	$3,847.1
U.S. Product Sales - ORMD-0801 for T2D ($MM)	$11.6	$24.5	$77.9	$206.0	$485.5	$1,089.6	$1,482.2	$1,916.8	$2,426.8	$2,962.7	$3,134.7	$3,316.7	$3,552.6

Source: Company reports, Canaccord Genuity estimates.

Estimated 2024 launch of ORMD-0801 for T2D

We believe Oramed has the potential to launch ORMD-0801 as early as 2H24. Our projections assume the initiation of two pivotal Phase III trials which are both now enrolling. As of June 8, 2021, the first Phase III has achieved 50% randomization. We expect top-line data from the Phase III trials in early 2023 followed by a BLA filing. The second Phase III trial was initiated in March 2021.

We assume a market launch of ORMD-0801 for T2D in 2H24 targeting patients both on current anti-diabetic drug regimens as well as those using diet for glycemic control. Our peak sales estimate for the T2D indication in the U.S. is ~$3.6B in 2036 with a peak market penetration of 15% in the U.S. Our revenue build does not include the T1D, NASH, and oral COVID-19 vaccine programs as they are in relatively earlier clinical development stages.

Investment highlights

- ORMD-0801 has the potential to be a game-changer in the treatment of T2D as an oral insulin
- Oravax is preparing to initiate clinical trials for its oral COVID-19 vaccine in 2H21
- ORMD-0801 is in Phase IIa for the treatment of NASH
- Oramed is in a strong financial position with $70M cash on hand

ORMD-0801 has the potential to be a game-changer in treatment of T2D

ORMD-0801 is the first oral insulin program to successfully reach Phase III clinical development. Oramed looks to position ORMD-0801 as an early-stage treatment option for pre-type 2 diabetics. By targeting patients before they need to be on other oral or injectable agents, ORMD-0801 offers the potential to stave off other therapies for a longer period.

Oramed is the only company conducting two Phase III oral insulin studies under an FDA protocol. While the first Phase III trial will assess ORMD-0801's effect in patients who are already on two or three glucose-lowering medications, the second study focuses more on patients who are on diet control alone and metformin monotherapy.

Prior positive results from a Phase IIb study demonstrated a strong glycemic lowering effect of ORMD-0801. The 8mg once daily treatment group showed a 0.95 reduction of HbA1c, compared with 0.14 reduction in the placebo group. A stronger A1c reduction of 1.4 was observed in patients who had a higher baseline level of HbA1c (>9%). The Phase IIb study exhibited a promising safety profile with no increase in adverse events, hypoglycemic events, or weight gain.

If approved, ORMD-0801 will gain 12-year marketing exclusivity in the U.S.

Oravax is prepared for the initiation of the oral vaccine trial

In March 2021, Oramed announced the joint venture Oravax Medical, which focuses on developing novel oral COVID-19 vaccines. Oravax is based on Oramed's POD technology and Premas Biotech's novel vaccine technology. The oral COVID-19 vaccine will be a VLP (virus-like particles) vaccine targeting three proteins of the SARS-CoV-2 virus: the Spike protein, the membrane protein, and the envelope protein. This triple-antigen vaccine is expected to be effective against variants of the virus.

Mr. Rabinowitz stated that Oravax is ready to initiate a clinical study for the oral vaccine in Israel once approved by the Israeli Ministry of Health. GMP manufacturing for the oral vaccine is underway. The VLP vaccine is being tested in preclinical studies against COVID-19 variants including the Delta variant.

Multiple collaboration for various programs and open to partnerships

Besides the partnership with Premas on the oral vaccine, Oramed also has another collaboration to develop and commercialize ORMD-0801 in Greater Chian with Hefei Tianhui Incubator of Technologies Co., Ltd. ("HTIT"). Oramed has received, to date, $33M in milestone payments from HTIT. Another $17M payment is expected over the next two to three years. This collaboration started in 2015 and HTIT gets the exclusive right to ORMD-0801 in Greater China. The approval of the IND application was approved by the NMPA in March 2019, and a Phase III study is currently ongoing in China.

When asked about whether the company has plans to form partnerships for its NASH program, Mr. Rabinowitz stated that Oramed is open to all types of partnerships once more data become available from the two ongoing Phase II studies. With many very established players in the insulin market, Mr. Rabinowitz believes that ORMD-0801 has a clear advantage in being orally delivered. The company is looking at multiple scenarios in terms of building the commercial capabilities to prepare for potential product launch and is also open to ex-U.S. partnership and license opportunities.

Appendix: Important Disclosures

Analyst Certification

Each authoring analyst of Canaccord Genuity whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research, and (iii) to the best of the authoring analyst's knowledge, she/he is not in receipt of material non-public information about the issuer.

Analysts employed outside the US are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity LLC and therefore may not be subject to the FINRA Rule 2241 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Sector Coverage

Individuals identified as "Sector Coverage" cover a subject company's industry in the identified jurisdiction, but are not authoring analysts of the report.

Investment Recommendation

Date and time of first dissemination: August 23, 2021, 23:01 ET

Date and time of production: August 23, 2021, 23:01 ET

Target Price / Valuation Methodology:

Oramed Pharmaceuticals - ORMP

We value shares of Oramed by employing a sum-of-the-parts analysis that includes programs where we believe clinical data is available to fairly determine the overall probability of success, as well as net cash on hand. Our estimates solely for the T2D program in the U.S. are used to generate our $30 12-month price target, and we view any additional programs such as T1D, NASH and T2D ex-U.S. as potential upside to our estimates.

Risks to achieving Target Price / Valuation:

Oramed Pharmaceuticals - ORMP

Clinical risk: Although ORMD-0801 has demonstrated clinical proof-of-concept in patients with T2D, the molecule is now being dosed in larger Phase III trials, and as more patients are exposed to drug over time there is the chance that issues could appear relating to efficacy, safety or both. While there is a significant amount of literature speaking to insulin use in treating T2D, ORMD-0801 is a unique orally delivered version of insulin and only through additional clinical trials can the molecule be further de-risked.

Regulatory risk: Given that there are currently no oral-insulin options approved for the treatment of T2D, the FDA is in new territory regarding the review of this type of molecule administration. The FDA continues to be unpredictable even with the review pathways, designations and outside panel reviews that can be employed during the review process.

Commercial risk: Given that there are currently no oral insulin therapeutics approved for the treatment of T1D and T2D, grasping the true commercial opportunity post-launch is difficult. The outcome of the two-Phase III trials and final labeling will be key to understanding the true market potential for ORMD-0801.

Competitive risk: The competitive landscape for T2D drug development is crowded. The opportunity to tap into a mature multi-billion-dollar market opportunity will result in the space remaining competitive. In addition to the overall T2D clinical landscape being competitive, specific to Oramed there are multiple players attempting to develop an oral delivery option for insulin.

Management risk: For a clinical stage biotech, stability in the C-suite roles is key as it is with any company. Turnover, especially in regulatory agency-facing roles such as CEO and CSO, could negatively impact share performance.

Distribution of Ratings:

Global Stock Ratings (as of 08/23/21)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	636	66.32%	44.81%
Hold	160	16.68%	26.25%
Sell	9	0.94%	33.33%
Speculative Buy	145	15.12%	61.38%
	959*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.

HOLD: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.

SELL: The stock is expected to generate negative risk-adjusted returns during the next 12 months.

NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

"Risk-adjusted return" refers to the expected return in relation to the amount of risk associated with the designated investment or the relevant issuer.

Risk Qualifier

SPECULATIVE: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

12-Month Recommendation History (as of date same as the **Global Stock Ratings** table)

A list of all the recommendations on any issuer under coverage that was disseminated during the preceding 12-month period may be obtained at the following website (provided as a hyperlink if this report is being read electronically) http://disclosures-mar.canaccordgenuity.com/EN/Pages/default.aspx

Required Company-Specific Disclosures (as of date of this publication)

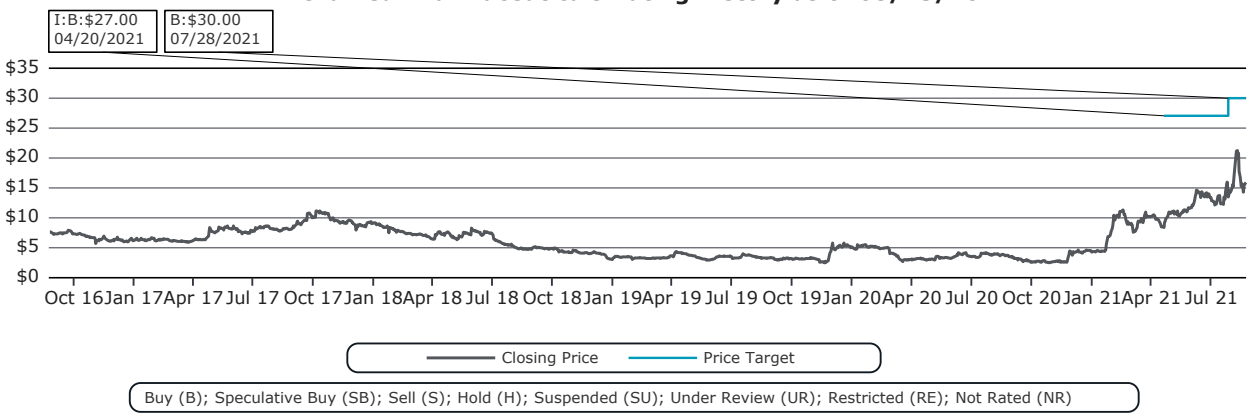
Oramed Pharmaceuticals currently is, or in the past 12 months was, a client of Canaccord Genuity or its affiliated companies. During this period, Canaccord Genuity or its affiliated companies provided investment banking services to Oramed Pharmaceuticals.

In the past 12 months, Canaccord Genuity or its affiliated companies have received compensation for Investment Banking services from Oramed Pharmaceuticals .

Canaccord Genuity or one or more of its affiliated companies is a market maker or liquidity provider in the securities of Oramed Pharmaceuticals or in any related derivatives.

Canaccord Genuity or one or more of its affiliated companies intend to seek or expect to receive compensation for Investment Banking services from Oramed Pharmaceuticals in the next three months.

Oramed Pharmaceuticals Rating History as of 08/23/2021



Required Company-Specific Disclosures (as of date of this publication)

Past performance

In line with Article 44(4)(b), MiFID II Delegated Regulation, we disclose price performance for the preceding five years or the whole period for which the financial instrument has been offered or investment service provided where less than five years. Please note price history refers to actual past performance, and that past performance is not a reliable indicator of future price and/or performance.

Online Disclosures

Up-to-date disclosures may be obtained at the following website (provided as a hyperlink if this report is being read electronically) http://disclosures.canaccordgenuity.com/EN/Pages/default.aspx; or by sending a request to Canaccord Genuity Corp. Research, Attn: Disclosures, P.O. Box 10337 Pacific Centre, 2200-609 Granville Street, Vancouver, BC, Canada V7Y 1H2; or by sending a request by email to disclosures@cgf.com. The reader may also obtain a copy of Canaccord Genuity's policies and procedures regarding the dissemination of research by following the steps outlined above.

General Disclaimers

See "Required Company-Specific Disclosures" above for any of the following disclosures required as to companies referred to in this report: manager or co-manager roles; 1% or other ownership; compensation for certain services; types of client relationships;

research analyst conflicts; managed/co-managed public offerings in prior periods; directorships; market making in equity securities and related derivatives. For reports identified above as compendium reports, the foregoing required company-specific disclosures can be found in a hyperlink located in the section labeled, "Compendium Reports." "Canaccord Genuity" is the business name used by certain wholly owned subsidiaries of Canaccord Genuity Group Inc., including Canaccord Genuity LLC, Canaccord Genuity Limited, Canaccord Genuity Corp., and Canaccord Genuity (Australia) Limited, an affiliated company that is 80%-owned by Canaccord Genuity Group Inc.

The authoring analysts who are responsible for the preparation of this research are employed by Canaccord Genuity Corp. a Canadian broker-dealer with principal offices located in Vancouver, Calgary, Toronto, Montreal, or Canaccord Genuity LLC, a US broker-dealer with principal offices located in New York, Boston, San Francisco and Houston, or Canaccord Genuity Limited., a UK broker-dealer with principal offices located in London (UK) and Dublin (Ireland), or Canaccord Genuity (Australia) Limited, an Australian broker-dealer with principal offices located in Sydney and Melbourne.

The authoring analysts who are responsible for the preparation of this research have received (or will receive) compensation based upon (among other factors) the Investment Banking revenues and general profits of Canaccord Genuity. However, such authoring analysts have not received, and will not receive, compensation that is directly based upon or linked to one or more specific Investment Banking activities, or to recommendations contained in the research.

Some regulators require that a firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publication or distribution of research. This research has been prepared in accordance with Canaccord Genuity's policy on managing conflicts of interest, and information barriers or firewalls have been used where appropriate. Canaccord Genuity's policy is available upon request.

The information contained in this research has been compiled by Canaccord Genuity from sources believed to be reliable, but (with the exception of the information about Canaccord Genuity) no representation or warranty, express or implied, is made by Canaccord Genuity, its affiliated companies or any other person as to its fairness, accuracy, completeness or correctness. Canaccord Genuity has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this research constitute Canaccord Genuity's judgement as of the date of this research, are subject to change without notice and are provided in good faith but without legal responsibility or liability.

From time to time, Canaccord Genuity salespeople, traders, and other professionals provide oral or written market commentary or trading strategies to our clients and our principal trading desk that reflect opinions that are contrary to the opinions expressed in this research. Canaccord Genuity's affiliates, principal trading desk, and investing businesses also from time to time make investment decisions that are inconsistent with the recommendations or views expressed in this research.

This research is provided for information purposes only and does not constitute an offer or solicitation to buy or sell any designated investments discussed herein in any jurisdiction where such offer or solicitation would be prohibited. As a result, the designated investments discussed in this research may not be eligible for sale in some jurisdictions. This research is not, and under no circumstances should be construed as, a solicitation to act as a securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. This material is prepared for general circulation to clients and does not have regard to the investment objectives, financial situation or particular needs of any particular person. Investors should obtain advice based on their own individual circumstances before making an investment decision. To the fullest extent permitted by law, none of Canaccord Genuity, its affiliated companies or any other person accepts any liability whatsoever for any direct or consequential loss arising from or relating to any use of the information contained in this research.

Research Distribution Policy

Canaccord Genuity research is posted on the Canaccord Genuity Research Portal and will be available simultaneously for access by all of Canaccord Genuity's customers who are entitled to receive the firm's research. In addition research may be distributed by the firm's sales and trading personnel via email, instant message or other electronic means. Customers entitled to receive research may also receive it via third party vendors. Until such time as research is made available to Canaccord Genuity's customers as described above, Authoring Analysts will not discuss the contents of their research with Sales and Trading or Investment Banking employees without prior compliance consent.

For further information about the proprietary model(s) associated with the covered issuer(s) in this research report, clients should contact their local sales representative.

Short-Term Trade Ideas

Research Analysts may, from time to time, discuss "short-term trade ideas" in research reports. A short-term trade idea offers a near-term view on how a security may trade, based on market and trading events or catalysts, and the resulting trading opportunity that may be available. Any such trading strategies are distinct from and do not affect the analysts' fundamental equity rating for such stocks. A short-term trade idea may differ from the price targets and recommendations in our published research reports that reflect the research analyst's views of the longer-term (i.e. one-year or greater) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. It is possible, for example, that a subject company's common equity that is considered a long-term 'Hold' or 'Sell' might present a short-term buying opportunity as a result of temporary selling pressure in the market or for other reasons described in the research report; conversely, a subject company's stock rated a long-term 'Buy' or "Speculative Buy' could be considered susceptible to a downward price correction, or other factors may exist that lead the research analyst to suggest a sale over the short-term. Short-term trade ideas are not ratings, nor are they part of any ratings system, and the firm does not intend, and does not undertake any obligation, to maintain or update short-term trade ideas. Short-term trade ideas are not suitable for all investors and are not tailored to individual investor circumstances and objectives, and investors should

make their own independent decisions regarding any securities or strategies discussed herein. Please contact your salesperson for more information regarding Canaccord Genuity's research.

For Canadian Residents:

This research has been approved by Canaccord Genuity Corp., which accepts sole responsibility for this research and its dissemination in Canada. Canaccord Genuity Corp. is registered and regulated by the Investment Industry Regulatory Organization of Canada (IIROC) and is a Member of the Canadian Investor Protection Fund. Canadian clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity Corp. in their particular province or territory.

For United States Persons:

Canaccord Genuity LLC, a US registered broker-dealer, accepts responsibility for this research and its dissemination in the United States. This research is intended for distribution in the United States only to certain US institutional investors. US clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity LLC. Analysts employed outside the US, as specifically indicated elsewhere in this report, are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity LLC and therefore may not be subject to the FINRA Rule 2241 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

For United Kingdom and European Residents:

This research is distributed in the United Kingdom and elsewhere Europe, as third party research by Canaccord Genuity Limited, which is authorized and regulated by the Financial Conduct Authority. This research is for distribution only to persons who are Eligible Counterparties or Professional Clients only and is exempt from the general restrictions in section 21 of the Financial Services and Markets Act 2000 on the communication of invitations or inducements to engage in investment activity on the grounds that it is being distributed in the United Kingdom only to persons of a kind described in Article 19(5) (Investment Professionals) and 49(2) (High Net Worth companies, unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. This material is not for distribution in the United Kingdom or elsewhere in Europe to retail clients, as defined under the rules of the Financial Conduct Authority.

For Jersey, Guernsey and Isle of Man Residents:

This research is sent to you by Canaccord Genuity Wealth (International) Limited (CGWI) for information purposes and is not to be construed as a solicitation or an offer to purchase or sell investments or related financial instruments. This research has been produced by an affiliate of CGWI for circulation to its institutional clients and also CGWI. Its contents have been approved by CGWI and we are providing it to you on the basis that we believe it to be of interest to you. This statement should be read in conjunction with your client agreement, CGWI's current terms of business and the other disclosures and disclaimers contained within this research. If you are in any doubt, you should consult your financial adviser.

CGWI is licensed and regulated by the Guernsey Financial Services Commission, the Jersey Financial Services Commission and the Isle of Man Financial Supervision Commission. CGWI is registered in Guernsey and is a wholly owned subsidiary of Canaccord Genuity Group Inc.

For Australian Residents:

This research is distributed in Australia by Canaccord Genuity (Australia) Limited ABN 19 075 071 466 holder of AFS Licence No 234666. To the extent that this research contains any advice, this is limited to general advice only. Recipients should take into account their own personal circumstances before making an investment decision. Clients wishing to effect any transactions in any financial products discussed in the research should do so through a qualified representative of Canaccord Genuity (Australia) Limited or its Wealth Management affiliated company, Canaccord Genuity Financial Limited ABN 69 008 896 311 holder of AFS Licence No 239052.

For Hong Kong Residents:

This research is distributed in Hong Kong by Canaccord Genuity (Hong Kong) Limited which is licensed by the Securities and Futures Commission. This research is only intended for persons who fall within the definition of professional investor as defined in the Securities and Futures Ordinance. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. Recipients of this report can contact Canaccord Genuity (Hong Kong) Limited. (Contact Tel: +852 3919 2561) in respect of any matters arising from, or in connection with, this research.

Additional information is available on request.