

Oramed Pharmaceuticals

Biotechnology

US Equity Research

12 August 2022

Rating
BUY
unchanged

Price Target
US\$30.00
unchanged

ORMP-NASDAQ

Price
US\$9.44

Market Data

52-Week Range (US\$) :	3.59 - 31.54
Market Cap (US\$M) :	364.0
Shares Out., Basic (M) :	38.6
Enterprise Value (US\$M) :	230
Cash (US\$M) :	133.9

FYE Dec

	2021A	2022E	2023E
Revenue (US\$M)	2.7	2.7	2.7
EPS (US\$)	(0.78)	(1.07)↓	(0.94)
Previous	-	(0.91)	-

Quarterly Revenue

	Q1	Q2	Q3	Q4
2021A	0.7	0.7	0.7	0.7
2022E	0.7A	0.7A	0.7	0.7
2023E	0.7	0.7	0.7	0.7

Quarterly EPS

	Q1	Q2	Q3	Q4
2021A	(0.23)	(0.17)	(0.17)	(0.24)
2022E	(0.27)A	(0.27)A	(0.22)	(0.30)
2023E	(0.28)	(0.23)	(0.23)	(0.24)

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2Q22 results business as usual; all eyes on 1Q23 top-line data readout

Oramed Pharmaceuticals 2Q22 snapshot

	2Q22A	CG 2Q22E	Var (A:E)	% Var	2Q22 Consensus	Var (A:C)	% Var
GAAP EPS (diluted)	-0.27	-0.21	-0.06	-22.2%	-0.22	-0.05	-18.5%
Product Sales Revenue (\$MM)	0.0	0.0	0.00		0.0	0.00	
R&D	9.2	6.1	3.10	33.7%	6.0	3.20	34.8%
G&A	2.9	3.0	-0.09	-3.0%	4.3	-1.39	-47.7%

BALANCE SHEET

	2Q22
Cash (\$MM)	\$133.9
LTD (\$MM)	0.0

EXPECTED UPCOMING CLINICAL / COMMERCIAL MILESTONES

ORMD-0801	3Q22	Top-line data read-out from Phase II NASH trial
ORMD-0801	Jan-23	Top-line data read-out from Phase III T2D trial (ORA-D-013-1)
VLP oral COVID-19 vaccine	3Q22	Top-line data read-out from Cohort A of the Phase I study (South Africa)
VLP oral COVID-19 vaccine	4Q22	Top-line data read-out from Cohort B of the Phase I study (South Africa)
ORMD-0901	2H22	Enrollment completion of Phase III T2D trial (ORA-D-013-2)
ORMD-0901	2H22	Data read-out on bioavailability study (T2D)

CHANGES MADE TO FINANCIAL PROJECTIONS

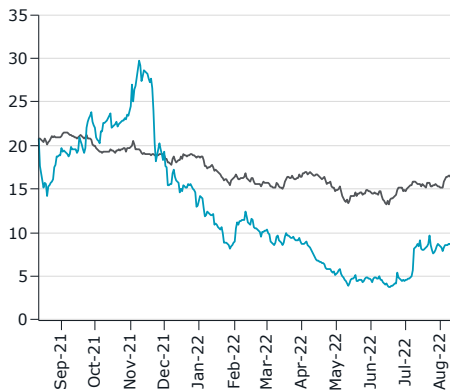
Updated model to reflect companies latest financial results

Source: Company reports and Canaccord Genuity estimates

We have updated our model to reflect Oramed's financial results for 2Q22. The company filed a 10-Q with no press release. On August 10, we hosted a fireside chat with Michael Rabinowitz, Chief Commercial Officer of Oramed Pharmaceuticals, at our 42nd Annual Growth Conference in Boston. For the top takeaways from our Q&A, please see [the note](#).

The company booked a net loss of \$10.5M, or (\$0.27) per share, for 2Q22, compared to a net loss of \$3.8M for the same period last year. R&D expenses were \$9.2M for 2Q22, compared to \$3.2M for the three months ended June 30, 2021. G&A expenses were \$2.5M for 2Q22, compared to \$1.9M for the same period of 2021. Sales and marketing expenses were \$0.38M for 2Q22. The company completed a fiscal year-end transition from November 30 to December 31 in March 2022.

We reiterate our BUY rating on shares of ORMP and maintain our \$30 12-month PT.



— ORMP
— NASDAQ Biotechnology (NBI) (rebased)

Source: FactSet

Priced intraday 12 August 2022

Figure: Oramed Pharmaceuticals, Inc. (ORMP) - income statement (\$MM) - Transition period from September 1, 2021 to December 31, 2021

	2019	2020	2021					FY transition		2022E					2023E																	
	Aug-19	Aug-20	Nov-20	Feb-21	May-21	Aug-21	Aug-21	Nov-21 3 months	Dec-21 4 months	1Q	2Q	3QE	4QE	Year	1QE	2QE	3QE	4QE	Year	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
ORMD-0801 T2D product sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.6	24.5	77.9	206.0	485.5	700.4	988.1	1,394.0	1,680.1	2,172.6	2,507.8	3,095.6	3,552.6
Collaboration revenue	2.7	2.7	0.7	0.7	0.7	0.7	2.7	0.7	0.9	0.7	0.7	0.7	0.7	2.7	0.7	0.7	0.7	0.7	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	2.7	2.7	0.7	0.7	0.7	0.7	2.7	0.7	0.9	0.7	0.7	0.7	0.7	2.7	0.7	0.7	0.7	0.7	2.7	11.6	24.5	77.9	206.0	485.5	700.4	988.1	1,394.0	1,680.1	2,172.6	2,507.8	3,095.6	3,552.6
Cost of U.S. product sales (10%)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	2.5	7.8	20.6	48.5	70.0	98.8	139.4	168.0	217.3	250.8	309.6	355.3
Gross profit	2.6	2.7	0.7	0.7	0.7	0.7	2.7	0.7	0.9	0.7	0.7	0.7	0.7	2.7	0.7	0.7	0.7	0.7	2.7	10.4	22.1	70.1	185.4	436.9	630.4	889.3	1,254.6	1,512.1	1,955.4	2,257.0	2,786.0	3,197.3
R&D	13.5	10.2	5.8	3.9	5.5	5.8	21.0	6.4	9.0	5.8	9.2	6.7	8.0	29.7	7.0	7.0	8.0	8.0	30.0	31.5	33.1	34.7	36.5	38.3	40.2	42.2	44.3	46.5	48.9	51.3	53.9	56.6
G&A	3.7	4.2	0.7	1.7	1.3	2.3	5.9	1.7	3.3	5.5	2.5	3.0	4.0	15.0	5.0	4.0	3.0	4.0	16.0	16.5	17.0	17.5	18.0	18.5	19.1	19.7	20.3	20.9	21.5	22.1	22.8	23.5
Sales expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.9	0.6	0.4	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	18.8	31.3	37.5	38.6	39.8	41.0	42.2	43.5	44.8	46.1	47.5	48.9	50.4
Operating expense	17.2	14.5	6.5	5.5	6.8	8.1	26.9	8.7	13.2	11.9	12.1	9.7	12.0	45.7	12.0	11.0	11.0	12.0	46.0	66.7	81.3	89.7	93.1	96.6	100.3	104.1	108.1	112.1	116.5	121.0	125.6	130.5
Operating Profit (Loss)	(14.6)	(11.8)	(5.8)	(4.9)	(6.1)	(7.4)	(24.2)	(8.1)	(12.3)	(11.3)	(11.4)	(9.0)	(11.3)	(43.0)	(11.3)	(10.3)	(10.3)	(11.3)	(43.3)	(56.3)	(59.2)	(19.6)	92.3	340.3	530.1	785.2	1,146.6	1,399.9	1,838.9	2,136.0	2,660.4	3,066.9
Interest income	1.1	0.7	(0.3)	0.3	0.5	0.8	1.2	(0.1)	(0.2)	0.5	0.4	0.4	(0.5)	0.8	0.2	0.2	0.2	0.2	0.8	0.8	0.8	0.8	0.9	3.4	5.3	7.9	11.5	14.0	18.4	21.4	26.6	30.7
Interest expense	0.5	(0.4)	0.0	0.0	0.0	(0.0)	(0.0)	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loss (gain) fair value of investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net loss attributable to non-controlling interests	0.0	0.0	0.0	0.0	0.4	(1.2)	(0.8)	0.0	0.6	0.3	0.5	0.0	(0.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pretax profit (loss)	(14.1)	(11.5)	(5.6)	(4.6)	(5.2)	(6.9)	(22.2)	(7.9)	(11.7)	(10.4)	(10.5)	(8.6)	(12.6)	(42.2)	(11.1)	(10.1)	(10.1)	(11.1)	(42.5)	(55.5)	(58.4)	(18.8)	93.2	343.7	535.4	793.1	1,158.0	1,413.9	1,857.3	2,157.4	2,687.0	3,097.5
Income Tax	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.2	92.8	144.6	214.1	312.7	381.7	501.5	582.5	725.5	836.3
Tax rate	-2.1%	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Net Income (Loss)	(14.4)	(11.5)	(5.6)	(4.6)	(5.2)	(6.9)	(22.2)	(7.9)	(11.7)	(10.4)	(10.5)	(8.6)	(12.6)	(42.2)	(11.1)	(10.1)	(10.1)	(11.1)	(42.5)	(55.5)	(58.4)	(18.8)	68.0	250.9	390.9	579.0	845.4	1,032.1	1,355.8	1,574.9	1,961.5	2,261.2
EPS - basic	(\$0.82)	(\$0.56)	(\$0.23)	(\$0.17)	(\$0.17)	(\$0.24)	(\$0.78)	(\$0.22)	(\$0.31)	(\$0.27)	(\$0.27)	(\$0.22)	(\$0.30)	(\$1.07)	(\$0.28)	(\$0.23)	(\$0.23)	(\$0.24)	(\$0.94)	(\$1.13)	(\$1.17)	(\$0.38)	\$1.36	\$5.01	7.8	11.6	16.9	20.6	27.1	31.4	39.1	45.1
EPS - diluted	(\$0.82)	(\$0.56)	(\$0.23)	(\$0.17)	(\$0.17)	(\$0.24)	(\$0.78)	(\$0.22)	(\$0.31)	(\$0.27)	(\$0.27)	(\$0.22)	(\$0.30)	(\$1.07)	(\$0.28)	(\$0.23)	(\$0.23)	(\$0.24)	(\$0.94)	(\$1.13)	(\$1.17)	(\$0.38)	\$1.36	\$5.01	7.8	11.6	16.9	20.6	27.1	31.4	39.1	45.1
Weighted average basic shares	17.5	20.5	23.7	27.0	29.9	28.5	28.5	36.7	37.1	38.7	38.8	38.6	41.6	39.3	39.3	44.6	44.6	46.2	45.0	49.0	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1
Weighted average diluted shares	17.5	20.5	23.7	27.0	29.9	28.5	28.5	36.7	37.1	38.7	38.8	38.6	41.6	39.3	39.3	44.6	44.6	46.2	45.0	49.0	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1

Source: Company reports, Canaccord Genuity estimates.

A more detailed financial model, including balance sheet, income statement, and cash flow projections, if available, may be obtained by contacting your Canaccord Genuity Sales Person or the Authoring Analyst, whose contact information appears on the front page of this report.

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Investment Recommendation

Date and time of first dissemination: August 12, 2022, 13:18 ET

Date and time of production: August 12, 2022, 13:18 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 08/12/22)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	636	66.95%	35.06%
Hold	134	14.11%	15.67%
Sell	12	1.26%	16.67%
Speculative Buy	161	16.95%	39.13%
	950*	100.0%	

*Total includes stocks that are Under Review

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

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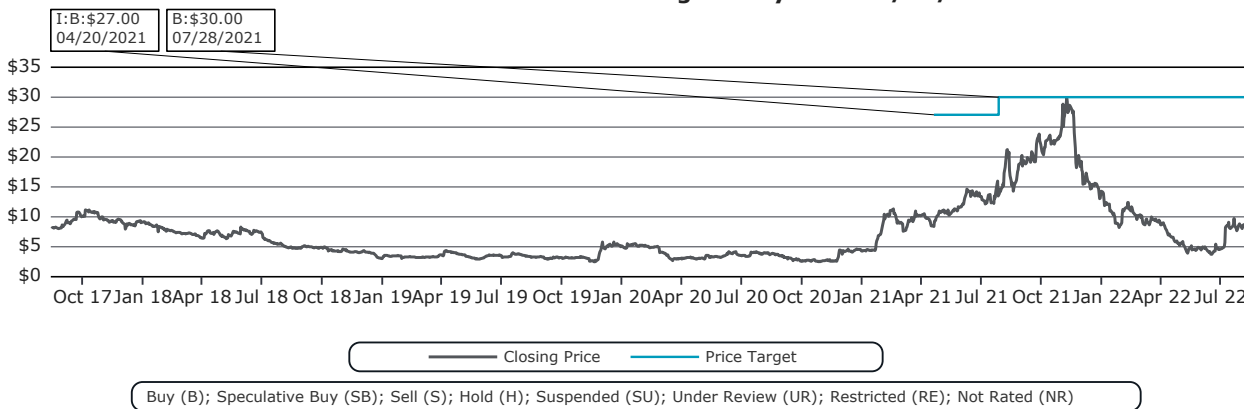
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Oramed Pharmaceuticals Rating History as of 08/11/2022



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