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July 28, 2025
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Oramed Pharmaceuticals Inc. (ORMP-NASDAQ)

ORMP: With Substantial Liquidity, ORMP Has Generated Gains & Income From Investment Portfolio

ORMP is leveraging its strong balance sheet to make investments in early stage companies, in addition to moving its pipeline assets forward. To advance its assets, ORMP formed a JV with HTIT, OraTech, which is designed to commercialize innovative products globally based on ORMP & HTIT's combined assets. The JV partners intend to spin-off and IPO OraTech, targeting a Nasdaq listing.

OUTLOOK

Among the investments ORMP has made, it provided collateralized financing to Scilex Holding and received a promissory note collateralized by most of Scilex's assets, plus penny warrants to purchase Scilex shares. Last week, the company entered into a warrant repurchase agreement with Scilex, granting Scilex an option to repurchase warrants for an aggregate purchase price of $27m plus $1.5m in option payments.

Current Price (7/24/2025)	$2.16
Valuation	**$3.25**

SUMMARY DATA

52-Week High	**$3.09**
52-Week Low	**$1.82**
One-Year Return (%)	**11**
Beta	**1.59**
Average Daily Volume (sh)	**70,445**
Shares Outstanding (mil)	**41**
Market Capitalization ($mil)	**$90**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**17**
Insider Ownership (%)	**11**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2025 Estimate	**N/A**
P/E using 2026 Estimate	**N/A**

Risk Level	**High**
Type of Stock	**Small-Blend**
Industry	**Med Tech**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)*
2022	0.7 A	0.7 A	0.7 A	0.7 A	2.7 A
2023	0.7 A	0.7 A	0.0 A	0.0 A	1.3 A
2024	0.0 A	0.0 A	0.0 A	0.0 A	0.0 A
2025	2.0 A	0.0 E	0.0 E	0.0 E	2.0 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)*
2022	-$0.27 A	-$0.27 A	-$0.18 A	-$0.36 A	-$0.94 A
2023	-$0.08 A	-$0.03 A	-$0.08 A	$0.33 A	$0.14 A
2024	$0.04 A	$0.22 A	-$0.48 A	-$0.25 A	-$0.48 A
2025	-$0.19 A	-$0.04 E	-$0.04 E	-$0.08 E	-$0.34 E

Quarters might not sum due to round'g, share counts & FY chg
Disclosures page 8 *'22 FY changed to Dec. 31

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GENERATING INVESTMENT PROCEEDS, USING ITS SUBSTANTIAL LIQUIDITY

Company maintains substantial liquidity

Oramed Pharmaceuticals (NASDAQ:ORMP) had cash of $74.5 million the end of March 2025, up from $54.4 million at year-end 2024. Its cash position increased in 1Q25 primarily reflecting cash of about $23.6 million provided by investing activities, which consisted primarily of proceeds from short-term deposits and proceeds from the sale of BioXcel shares, partially offset by about $3.5 million used for operating activities for R&D, G&A and other expenses. Along with short-term deposits and other investments, Oramed has substantial liquidity.

ORMP is leveraging its balance sheet to make investments in multiple early stage companies, in addition to advancing its strategy to move its assets forward. One of the investments ORMP has made was helping Scilex Holding Company, a biopharma company focused on acquiring, developing, and commercializing non-opioid management products to treat acute and chronic pain, with collateralized financing.

To satisfy terms, Scilex had issued ORMP a promissory note collateralized by most of its assets, plus penny warrants to purchase Scilex shares. Oramed subsequently exercised penny warrants to purchase 6.5 million Scilex shares and retains penny warrants to purchase another 6.5 million shares at $0.01 per share. Last week on July 22, 2025, the company entered into an agreement with Scilex for the repurchase of warrants. ORMP granted Scilex an option to repurchase the warrants in two tranches for an aggregate $27 million, among other things. Scilex agreed to pay ORMP $1.5 million in two equal installments by August 8, 2025 and December 16, 2025, respectively. If Scilex pays the two tranches and option payments in full and on schedule, the maturity date of the Tranche A Note will be extended to March 31, 2026.

HTIT JV / ORATECH PHARMACEUTICALS PLANNED IPO

Strategic initiative to advance assets

Separately, ORMP has a JV with partner Hefei Tianhui Biotech (HTIT) a high-tech company focused on biopharmaceutical product manufacturing and R&D with an emphasis on the oral delivery of therapeutic macromolecules. It operates an oral insulin manufacturing facility located in Hefei, China.

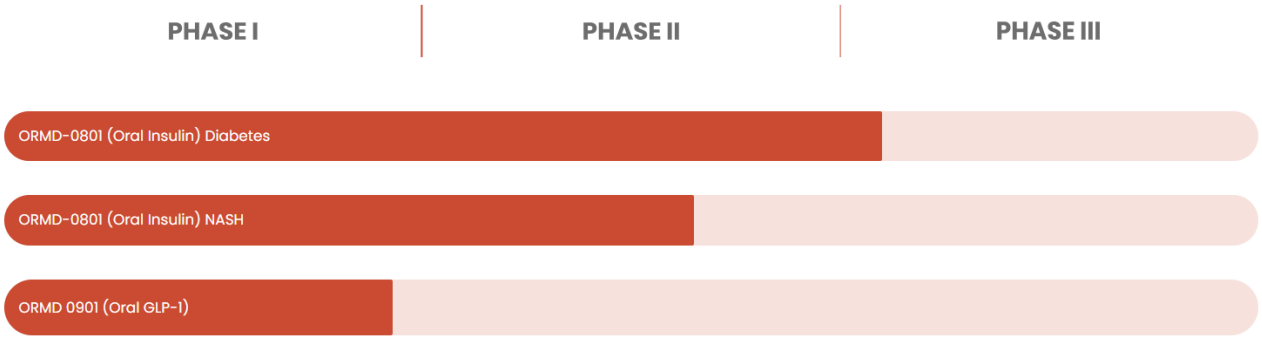
The JV, OraTech Pharmaceuticals, is a strategic initiative to move its assets forward. The JV partners are planning a spin-off and IPO of OraTech. When / if OraTech lists on Nasdaq, HTIT and ORMP intend to make respective additional $20.0 million and $7.5 million investments. Coincident with OraTech's launch on Nasdaq, Oramed plans to distribute the majority of expected 50% stake in OraTech to ORMP shareholders via a dividend.

OraTech will leverage HTIT's manufacturing technologies and focus on developing and commercializing innovative products globally based on the combined assets and capabilities of the two JV partners. The company expects that the combination of their respective strengths – delivery technology and advanced manufacturing capabilities – will enable OraTech to develop, market and commercialize innovative treatments leveraging Oramed's oral insulin and POD™ (Protein Oral Delivery) pipeline and scale production with consistent, high-quality output. Oramed is largely pre-revenue at this stage in terms of its pipeline, but in 1Q25 recognized $2.0 million of revenue related to its license agreement with HTIT.

Phase 3 clinical oral insulin trial planned

OraTech intends to initiate a Phase 3 clinical trial in the U.S. that will be designed to incorporate takeaways from previous clinical studies in order to focus on key patient subpopulations that have responded in prior activities. The protocol for the planned new Phase 3 study would represent a fine-tuned approach strategically focused on the specific patient subgroups identified as significant responders following the company's analysis of prior Phase 2 and Phase 3 data. ORMP hopes to leverage its analysis in order to optimize the potential for successful outcomes of a new Phase 3 trial to advance its oral insulin therapy in diabetes management. In prior clinical activities, a subpopulation of patients with specific parameters such as body mass index (BMI), baseline HbA1c, age, gender and body weight appeared to respond positively to the company's oral insulin. These subsets exhibited an over 1% placebo adjusted, statistically significant reduction in HbA1c. As a result, a differentiated protocol that is aligned with the positive subpopulation data and informed by feedback from discussions with the FDA is expected to guide the design of the planned Phase 3 trial.

Oramed Pipeline



Source: Company reports

Marketing Authorization Application submitted to regulators in China for the oral insulin

HTIT has also submitted a Marketing Authorization Application to regulators in China for the oral insulin capsule in that market, with commercialization preparations underway that are expected to result in royalties from sales in China to OraTech.

STRONG BALANCE SHEET; FINANCIAL FLEXIBILITY

In addition to strategic investments, capital allocation strategy includes share buybacks & potential dividend

As noted, ORMP has a strong balance sheet that it is leveraging to support its organic initiatives and to generate additional returns to shareholders via investments, share buybacks (in 2Q24, Oramed authorized a stock buyback program of up to $20 million of ORMP shares) and potential dividends. The company had $74.5 million in cash and equivalents, short-term deposits of $26.7 million and a combined marketable securities and short-term investments of $29.4 million at the end of 1Q25 and no long term debt. Reflecting its sizable net cash position, ORMP potentially might issue cash dividends of about $0.25 per share to help offset any potential tax liabilities associated with the planned distribution of the OraTech stock to ORMP investors.

In addition to the financing to Scilex discussed earlier, on March 4, 2025, ORMP participated in a registered direct offering by BioXcel Therapeutics, a biopharmaceutical company leveraging artificial intelligence (AI) to develop innovative medicines in neuroscience and immuno-oncology, generating

proceeds from sale of BioXcel shares in 1Q25, as noted. In addition, on September 4, 2024, Oramed entered into a loan agreement with Rabi Binyamin 4 Tama 38 Ltd. to finance a real estate project that is essentially collateralized by the project. Originally TAMA 38 was designed to offer real estate developers incentives to accelerate construction of approved projects. ORMP agreed to loan US$1.5 million to the project subject to certain milestones being reached in 1H 2025. Upon completion of the real estate project, ORMP is entitled to receive repayment of principal and the greater of either 20% annual interest on the principal loaned or 40% of the profits from the real estate project.

VALUATION

We believe the sizable population with or at risk for diabetes globally and analysis of data from ORMP's terminated concurrent ORMD-0801 trials support the company moving forward to potentially attain regulatory approval for lead asset ORMD-0801 (and perhaps ORMD-0901 down the road) and commercializing it in the U.S., China and potentially other markets.

It is difficult to know the revenue arc for ORMD-0801 at this early stage, but given the growing incidence of diabetes worldwide, we believe it is not unreasonable to expect that ORMD-0801 could reach revenue of about $250 million to $300 million by the 2028-30 timeframe, depending on clinical trial results and commercialization milestones. We apply a 2x P/sales multiple, which is the low end of the range for other clinical companies at similar stages of development. We use an 11% discount rate and 75% confidence rate. The latter reflects uncertainty that ORMD-0801 reaches this revenue in this timeframe. Given the expected economics of the HTIT JV, our NPV for ORMP shares is roughly $3.25. Potential development and/or economics milestones could cause us to change our confidence metric or other valuation factors.

We continue to view the versatility of the oral protein platform as a long-term positive and believe there could be additional opportunities for Oramed to apply its oral delivery technology. Studies indicate that many patients with a variety of diseases would prefer an oral treatment over injectable if the oral treatment proved as effective.

RISKS

Risks to Oramed achieving its objectives, and to our valuation, include the following.

- The company's assets might not attain regulatory approval in the short to medium-term or at all.
- ORMP might need to raise additional capital earlier than expected.
- Scilex might not meet its loan repayment obligations.
- The Rabi Binyamin 4 Tama 38 Ltd. project might not generate sufficient returns to cover ORMP's principal / interest repayment or a percent of project profits.
- Clinical studies and potential commercialization timelines might be delayed.
- Other drug candidates might experience clinical failure and/or might not receive FDA and other regulatory approvals.
- The price of ORMP shares could continue to fluctuate, as the company advances its strategy.
- Competition in areas where ORMP has development efforts might intensify.

RECENT NEWS

- On July 22, 2025, the company entered into the above noted warrants repurchase agreement with Scilex.
- On May 15, 2025, ORMP filed its 2Q25 10Q.
- Oramed issued a letter to shareholders on March 4, 2025.
- Oramed announced updates to OraTech on February 11, 2025, intended to accelerate development and commercialization of oral insulin.
- On October 7, 2024, the company refinanced $25.0 million of the Scilex Tranche A note.
- Oramed received aggregate payments of about $1,400 on the Scilex Tranche A note on October 24, 2024 and November 5, 2024.
- Oramed entered into a Clinical Research Organization Services agreement on September 23, 2024.
- On September 20, 2024, the company entered into an extension agreement with Scilex on the Tranche A note.
- On September 4, 2024, ORMP entered into a loan agreement with Rabi Binyamin 4 Tama 38 Ltd.
- Oramed announced its share buyback plan on June 26, 2024.
- Oramed announced its new CFO on June 6, 2024.
- On January 22, 2024, Oramed entered into a JV with Hefei Tianhui Biotech based on Oramed's oral drug delivery technology.

PROJECTED FINANCIALS

Oramed Pharmaceuticals Inc. (Fiscal Year ends Dec. 31*) $Mns	Q1 A	Q2 A	Q3 A	Q4 A	2024 A	Q1 A	Q2 E	Q3 E	Q4 E	2025 E
License Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$2.0	$0.0	$0.0	$0.0	$2.0
YOY Growth										
Grant/Contract Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
YOY Growth					-					-
ORMD-0801	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
YOY Growth					-					-
ORMD-0901	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
YOY Growth					-					-
Total Revenues	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$2.0**	**$0.0**	**$0.0**	**$0.0**	**$2.0**
YOY Growth					*NM*					*NM*
Cost of Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$2.0	$0.0	$0.0	$0.0	$2.0
Gross Income	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Gross Margin	*NM*	*NM*	*NM*	*NM*	*NM*	*NM*	*NM*	*NM*	*NM*	*NM*
Research & Development	$1.2	$1.4	$2.2	$1.5	$6.3	$2.2	$2.2	$2.2	$1.6	$8.3
General & Administrative	$1.8	$1.7	$0.8	$2.1	$6.5	$2.3	$2.3	$2.3	$2.5	$9.4
Other Expenses	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Operating Income / (loss)	**($3.0)**	**($3.1)**	**($3.1)**	**($3.6)**	**($12.8)**	**($4.5)**	**($4.5)**	**($4.5)**	**($6.1)**	**($19.6)**
Operating Margin					-					-
Other Income (Net)	$4.5	$14.0	**($15.4)**	($6.2)	($3.1)	($2.6)	$3.0	$3.0	$3.0	$6.4
Pre-Tax Income	**$1.5**	**$10.8**	**($18.5)**	**($9.8)**	**($15.9)**	**($7.1)**	**($1.5)**	**($1.5)**	**($3.1)**	**($13.2)**
Net Taxes (benefit)	$0.0	$1.6	$1.1	$0.4	$3.2	$0.6				$0.6
Tax Rate	*0.0%*	*15.1%*	*-6.1%*	*nm*	*-20.0%*					*-4.4%*
Minority interest / other	($0.0)	($0.0)	($0.0)	$0.0	($0.0)	$0.0	$0.0	$0.0	($0.0)	$0.0
Reported Net Income	**$1.5**	**$9.2**	**($19.6)**	**($10.2)**	**($19.1)**	**($7.6)**	**($1.5)**	**($1.5)**	**($3.1)**	**($13.7)**
Net Margin										-
Reported EPS	**$0.04**	**$0.22**	**($0.48)**	**($0.25)**	**($0.48)**	**($0.19)**	**($0.04)**	**($0.04)**	**($0.08)**	**($0.34)**
YOY Growth										-
Basic Shares Outstanding	41.6	41.6	40.9	40.9	40.8	41.2	40.8	40.8	40.6	40.9

Source: Zacks Investment Research, Inc.

*ORMP's fiscal year changed from ending on August 31 to ending on December 31. 2024 primarily noncash below the operating line income relates to Scilex, other financial agreements.

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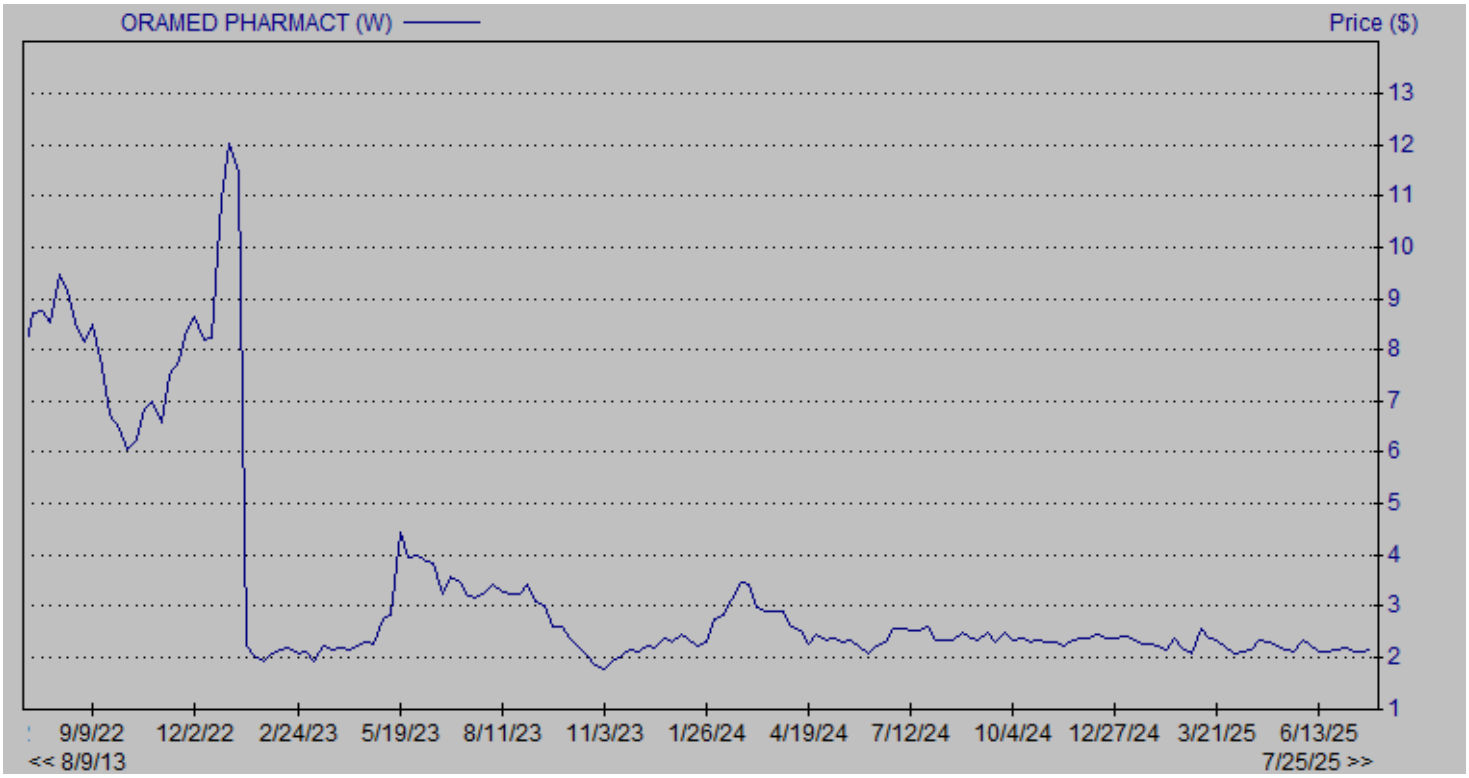

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