

ORAMED PHARMACEUTICALS INC.

Form 10-Q

January 14, 2019

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended November 30, 2018**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission file number: 000-50298**

**ORAMED PHARMACEUTICALS INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of  
Incorporation or Organization)

**98-0376008**

(I.R.S. Employer  
Identification No.)

**142 W. 57th Street**

**New York, New York**

(Address of Principal Executive Offices)

**10019**

(Zip Code)

**844-967-2633**

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes    No

Indicate by check mark whether the registrant has submitted electronically on its corporate Web site, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes    No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer    Accelerated filer  
Non-accelerated filer    Smaller reporting company  
   Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes    No

As of January 11, 2019, there were 17,378,359 shares of the issuer's common stock, \$0.012 par value per share, outstanding.

**ORAMED PHARMACEUTICALS INC.**

**FORM 10-Q**

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As used in this Quarterly Report on Form 10-Q, the terms "we," "us," "our" and the "Company" mean Oramed Pharmaceuticals Inc. and our wholly-owned Israeli subsidiary, Oramed Ltd., unless otherwise indicated. All dollar amounts refer to U.S. Dollars unless otherwise indicated.

On November 30, 2018, the exchange rate between the New Israeli Shekel, or NIS, and the dollar, as quoted by the Bank of Israel, was NIS 3.701 to \$1.00. Unless indicated otherwise by the context, statements in this Quarterly Report on Form 10-Q that provide the dollar equivalent of NIS amounts or provide the NIS equivalent of dollar amounts are based on such exchange rate.

**PART I – FINANCIAL INFORMATION**

**ITEM 1 - FINANCIAL STATEMENTS**

**ORAMED PHARMACEUTICALS INC.**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

AS OF November 30, 2018

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**ORAMED PHARMACEUTICALS INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

U.S. Dollars in thousands (except share and per share data)

(UNAUDITED)

	November 30, 2018	August 31, 2018
Assets		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 3,861	\$4,996
Short-term deposits	19,920	20,875
Marketable securities	5,143	4,592
Prepaid expenses and other current assets	727	574
Total current assets	29,651	31,037
<b>LONG-TERM ASSETS:</b>		
Long-term deposits	11,613	13,542
Marketable securities	2,290	2,785
Amounts funded in respect of employee rights upon retirement	16	16
Property and equipment, net	23	17
Total long-term assets	13,942	16,360
Total assets	\$ 43,593	\$47,397
Liabilities and stockholders' equity		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 2,982	\$2,058
Contract liabilities	1,131	2,449
Payable to related parties	51	46
Total current liabilities	4,164	4,553
<b>LONG-TERM LIABILITIES:</b>		
Contract liabilities	10,259	11,388
Employee rights upon retirement	20	20
Provision for uncertain tax position	11	11
Other liabilities	281	313
Total long-term liabilities	10,571	11,732
<b>COMMITMENTS</b> (note 2)		
<b>STOCKHOLDERS' EQUITY:</b>		

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Common stock, \$0.012 par value (30,000,000 authorized shares; 17,378,359 and 17,369,875 shares issued and outstanding as of November 30, 2018 and August 31, 2018, respectively)	207	207
Additional paid-in capital	99,701	99,426
Accumulated other comprehensive income	-	702
Accumulated deficit	(71,050	) (69,223)
Total stockholders' equity	28,858	31,112
Total liabilities and stockholders' equity	\$ 43,593	\$47,397

**The accompanying notes are an integral part of the condensed consolidated financial statements.**



**ORAMED PHARMACEUTICALS INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

U.S. Dollars in thousands (except share and per share data)

(UNAUDITED)

	Three months ended	
	November 30, 2018	November 30, 2017
REVENUES	\$674	\$ 611
COST OF REVENUES	35	-
RESEARCH AND DEVELOPMENT EXPENSES	4,347	2,327
GENERAL AND ADMINISTRATIVE EXPENSES	932	1,016
OPERATING LOSS	4,640	2,732
FINANCIAL INCOME	286	222
FINANCIAL EXPENSES	8	21
INCOME FROM CHANGES IN FAIR VALUE OF INVESTMENTS	60	-
NET LOSS FOR THE PERIOD	\$4,302	\$ 2,531
UNREALIZED INCOME ON AVAILABLE FOR SALE SECURITIES	-	326
TOTAL OTHER COMPREHENSIVE INCOME	-	326
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	\$4,302	\$ 2,205
LOSS PER SHARE OF COMMON STOCK:		
BASIC AND DILUTED LOSS PER SHARE OF COMMON STOCK	\$0.25	\$ 0.18
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK USED IN COMPUTING BASIC AND DILUTED LOSS PER SHARE OF COMMON STOCK	17,448,744	14,239,346

**The accompanying notes are an integral part of the condensed consolidated financial statements.**

**ORAMED PHARMACEUTICALS INC.****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

U.S. Dollars in thousands

(UNAUDITED)

	Common Stock Shares	\$	Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' equity
BALANCE AS OF AUGUST 31, 2018	17,369	\$ 207	\$ 99,426	\$ 702	\$ (69,223 )	\$ 31,112
INITIAL ADOPTION OF ASC 606					1,773	1,773
INITIAL ADOPTION OF ASU 2016-01				(702 )	702	-
CHANGES DURING THE THREE-MONTH PERIOD ENDED NOVEMBER 30, 2018:						
SHARES ISSUED FOR SERVICES	8	*	36	-	-	36
STOCK-BASED COMPENSATION	-	*	239	-	-	239
NET LOSS	-	-	-	-	(4,302 )	(4,302 )
BALANCE AS OF NOVEMBER 30, 2018	17,377	\$ 207	\$ 99,701	-	\$ (71,050 )	\$ 28,858

	Common Stock Shares	\$	Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' equity
BALANCE AS OF AUGUST 31, 2017	13,668	\$ 163	\$ 75,170	\$ 401	\$ (56,496 )	\$ 19,238
CHANGES DURING THE THREE-MONTH PERIOD ENDED NOVEMBER 30, 2017:						
SHARES ISSUED FOR SERVICES	3	*	24	-	-	24
ISSUANCE OF COMMON STOCK, NET	454	5	4,225	-	-	4,230
EXERCISE OF WARRANTS AND OPTIONS	178	2	928	-	-	930
STOCK-BASED COMPENSATION	5	*	524	-	-	524
NET LOSS	-	-	-	-	(2,531 )	(2,531 )
OTHER COMPREHENSIVE INCOME	-	-	-	326	-	326
BALANCE AS OF NOVEMBER 30, 2017	14,308	\$ 170	\$ 80,871	\$ 727	\$ (59,027 )	\$ 22,741

\* Represents an amount of less than \$1.

**The accompanying notes are an integral part of the condensed consolidated financial statements.**

**ORAMED PHARMACEUTICALS INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

U.S. dollars in thousands

(UNAUDITED)

	Three months ended November 30,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$(4,302)	\$(2,531)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Depreciation	2	1
Exchange differences and interest on deposits and held to maturity bonds	(116)	