

## Can-Fite BioPharma Ltd. (NYSE/CANF)

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### BUY Rated: Raises Capital at \$2.0 for \$3.4M - OK

Our model assumes multiple raises (drug development 'aint free), and we had actually forecast more dilution versus what we've seen in the raise just announced. We do expect additional raises. Investors need to balance the raises against scientific progress. Namodenoson recent data, in our opinion, has been quite good. Piclidenoson results in not one but two studies (ACROBAT & COMFORT) are coming, and there is even data in COVID. As a result, we would hold on, and let's get to the data.

### Investment Highlights

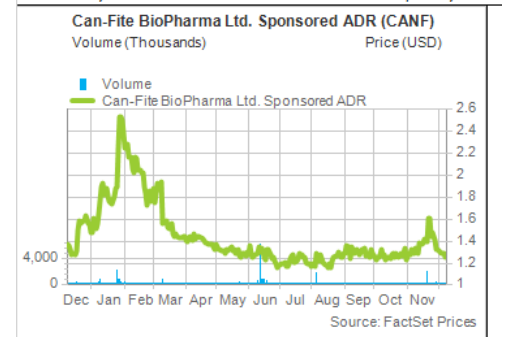
**Namodenoson data shines.** The additional Phase 2 data shows liver fat volume decreased in the Namodenoson treated groups vs. the placebo (12.5 mg=81.2; 25 mg =102.1, vs. placebo= 33.0) with a high significance (12.5mg p=0.036; 25mg p=0.027, respectively). The percentage of fat volume decrease was also statistically significant, with the Namodenoson 12.5 mg group declining by 3.68%, and the 25 mg group declining by 4.33% vs. the placebo at 2.61% (25 mg p=0.036).

**ACROBAT & COMFORT – Both Are Halfway There.** Piclidenoson is now in two pivotal Phase 3 studies (ACROBAT and COMFORT), and both are halfway plus enrolled. The ACROBAT study is a 24-week, 525-person four-arm (high and low dose versus MTX and placebo) study designed to establish the drug as non-inferior to Methotrexate (MTX) in newly diagnosed patients with moderate-to-severe RA. The primary endpoint of ACROBAT is a disease activity score (DAS) after 12 weeks of treatment in patients dosed with Piclidenoson compared to those dosed with MTX. In a Phase 2b study (N=79) with Piclidenoson given twice daily, 49% of patients achieved ACR20, 19% ACR50, and 11% ACR70. The scores are comparable to MTX but with a benign AE profile. Patients have been selected for the study based on overexpression of the A3AR biomarker. The study should complete enrollment this year, with data to follow in nine months.

**Valuation.** We model the respective indications, Piclidenoson in RA and Psoriasis, Namodenoson in HCC, and NAFLD. We apply a probability of success in these patient-based models. These metrics then flow into our valuation models. For Can-Fite, we apply a 30% discount rate, which is in addition to our therapeutic probability of success rate. We select 30% as the Company is not yet profitable, and most of the products are still dependent on the outcome of the clinical trial. Our valuation conclusion is an equally weighted average of our FCFE, EPS, and sum-of-the-parts analysis. We use a fully diluted end-year share count and assume multiple raises. The conclusion of this method is a \$7.00 price target.

**Risk to our thesis, include the following:** (1) commercial; (2) regulatory; (3) clinical; (4) manufacturing; (5) financial; (6) liability; and (7) intellectual property.

Current Price	\$2.00		
Price Target	\$7.00		
<b>Estimates</b>	<b>F2020A</b>	<b>F2021E</b>	<b>F2022E</b>
Expenses (\$000s)	16,945	16,669	19,648
1Q March	4,474	3,834	4,519
2Q June	3,887	4,001	4,715
3Q September	4,211	4,334	5,108
4Q December	4,373	4,501	5,305
	<b>F2019A</b>	<b>F2021E</b>	<b>F2022E</b>
EPS (diluted)	(1.23)	(0.62)	(0.56)
1Q March	(0.47)	(0.15)	(0.13)
2Q June	(0.30)	(0.16)	(0.13)
3Q September	(0.28)	(0.17)	(0.15)
4Q December	(0.18)	(0.13)	(0.15)
<b>EBITDA/Share</b>	<b>(\$0.15)</b>	<b>(\$0.16)</b>	<b>(\$1.08)</b>
<b>EV/EBITDA (x)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Stock Data</b>			
52-Week Range	\$1.08	-	\$4.95
Shares Outstanding (mil.)	138.7		
Market Capitalization (mil.)	\$277.4		
Enterprise Value (mil.)	\$6.6		
Debt to Capital	0.0%		
Book Value/Share	\$4.52		
Price/Book	15.1		
Average Three Months Trading Volume (M)	0.1		
Insider Ownership	6.1%		
Institutional Ownership	15.5%		
Short interest (mil.)	0.1%		
Dividend / Yield	\$0.00/0.0%		



**The COMFORT pivotal trial too.** The study is designed to evaluate the efficacy and safety of daily Piclidenoson, administered orally, compared to Apremilast (Otezla) and placebo in 407 patients with moderate-to-severe plaque psoriasis. The study is being conducted in five countries in Europe, Israel, and Canada. The primary endpoint is to be based on the percent of patients which achieve a PASI 75 score at week 16 vs. placebo. The secondary endpoints are to include non-inferiority vs. Otezla at week 32. Psoriasis alone is estimated to be a \$9B market.

**So, it's ACROBAT & COMFORT.** Not one, but two Phase 3 trials with Piclidenoson. ACROBAT in Rheumatoid Arthritis and COMFORT in Psoriasis. Both hold great promise as alternative therapies with what appears to be a more favorable side-effects profile.

**Namodenoson in Liver Cancer – Pivotal is Next.** The FDA has agreed with Can-Fite's proposed pivotal Phase 3 trial design. The study protocol and registration plan have also been submitted to the European Medicines Agency (EMA). Namodenoson is currently being used to treat liver cancer patients in a compassionate use program in Israel, which has enrolled seven patients. In addition, two patients who were enrolled in the Company's former Phase 2 study, who responded well to the drug, are continuing treatment. Those two advanced liver cancer patients have reached an overall survival of over 2.5 years while being treated with Namodenoson.

**Funded Through Catalysts – Capital Raised.** We had assumed in our model (and continue to assume) multiple raises. Can-Fite sold 3.3M shares at \$1.50 per unit (an ADR and a warrant). In addition, a warrant exercise with several accredited investors brought into the Company an additional \$2.4M in capital (Jan. 9<sup>th</sup>, 2020).

### Product Modeling Assumptions

1. We assume a second study is likely to follow the current pivotal programs for Piclidenoson in RA and Psoriasis. If we assume a similar size, cost, and time for the studies, it suggests we could see a U.S. and EU approval in rheumatoid arthritis in 2024, followed by approval in Psoriasis.
2. We assume Can-Fite may partner Piclidenoson (and Namodenoson). For the purpose of our model, we assume a sliding scale royalty at a base of 25% but rising to 30% based on sales levels. In accordance with this assumption, we only moderately increase G&A expenses as the Company is not likely to build a salesforce in this scenario.
3. We assume pricing of \$5,000 in the U.S. and \$3,000 in Europe with a 2% year on year increases for Piclidenoson in RA and Psoriasis, and the target population is assumed to be high A<sub>3</sub>AR expressers.
4. A probability success factor of 50% to our models for RA and Psoriasis as this is still a Phase 2 product.
5. We now assume Namodenoson is approved and launches (U.S. and Europe), for late-stage liver cancer in 2024.
6. We assume Namodenoson pricing of \$50,000 in the U.S. and \$35,000 in Europe with a 2% y/y increase.
7. A probability success factor of 50% is applied to our HCC model-based, which is based on Phase 2 data.
8. A probability success factor of 10% to our U.S. and EU models for NAFLD/NASH as the current Phase 2 study is exploratory, and the clinical development pathway for this indication is long and expensive and may require a partner to pay development costs. As such, we believe it's prudent to heavily discount the indication.
9. We do not include CF 602 for the ED indication in our model as the product is still in early stages of testing. We assume a partner is needed to move the project into the clinic.
10. We do not include any estimates for COVID.

### Exhibit 1. U.S. Market Model for RA

	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<b>Piclidenoson - CF101 (US)</b>													
Rheumatoid arthritis incidence	1,560,600	1,591,812	1,623,648	1,656,121	1,689,244	1,723,029	1,757,489	1,792,639	1,828,492	1,865,061	1,902,363	1,940,410	1,979,218
Increase in incidence	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Patients with RA and high levels of A3AR biomarker expression (70%)	1,092,420	1,114,268	1,136,554	1,159,285	1,182,471	1,206,120	1,230,242	1,254,847	1,279,944	1,305,543	1,331,654	1,358,287	1,385,453
Patients that only received non-biologics DMARDs (70%)	764,694	779,988	795,588	811,499	827,729	844,284	861,170	878,393	895,961	913,880	932,158	950,801	969,817
<b>Market Penetration</b>					0.0%	0.0%	6.0%	7.0%	8.0%	9.0%	10.0%	11.0%	12.0%
Patients receiving CF101					51,670	51,670	51,670	61,488	71,677	82,249	93,216	104,588	116,378
Annual cost of treatment					\$ 5,000	\$ 5,100	\$ 5,202	\$ 5,308	\$ 5,412	\$ 5,520	\$ 5,631	\$ 5,743	\$ 5,858
Increase in Price					2%	2%	2%	2%	2%	2%	2%	2%	2%
Revenue ('000)					\$ -	\$ -	\$ 268,788	\$ 326,255	\$ 387,927	\$ 454,049	\$ 524,880	\$ 600,694	\$ 681,777
Probability of Success					50%	50%	50%	50%	50%	50%	50%	50%	50%
<b>Total Revenue ('000)</b>					\$ -	\$ -	\$ 134,394	\$ 163,128	\$ 193,963	\$ 227,024	\$ 262,440	\$ 300,347	\$ 340,889

Source: Dawson James

### Exhibit 2. EU Market Model for RA

	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<b>Piclidenoson - CF101 (EU)</b>													
Rheumatoid arthritis incidence	3,017,160	3,077,593	3,139,053	3,201,834	3,265,871	3,331,188	3,397,812	3,465,768	3,535,084	3,605,785	3,677,901	3,751,459	3,826,488
Increase in incidence	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Patients with RA and high levels of A3AR biomarker expression (70%)	2,112,012	2,154,252	2,197,337	2,241,284	2,286,110	2,331,832	2,378,469	2,426,038	2,474,559	2,524,050	2,574,531	2,626,021	2,678,542
Patients that only received non-biologics DMARDs (70%)	1,478,408	1,507,977	1,538,136	1,568,899	1,600,277	1,632,282	1,664,928	1,698,227	1,732,191	1,766,835	1,802,172	1,838,215	1,874,979
<b>Market Penetration</b>					0.0%	0.0%	5.0%	10.0%	11.0%	12.0%	13.0%	14.0%	15.0%
Patients receiving CF101					3,000	6,600	6,732	6,867	7,004	7,144	7,287	7,433	7,581
Annual cost of treatment					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in Price					2%	2%	2%	2%	2%	2%	2%	2%	2%
Revenue ('000)					\$ -	\$ -	\$ 560,415	\$ 1,166,111	\$ 1,334,544	\$ 1,514,683	\$ 1,707,200	\$ 1,912,799	\$ 2,132,224
Probability of Success					50%	50%	50%	50%	50%	50%	50%	50%	50%
<b>Total Revenue ('000)</b>					\$ -	\$ -	\$ 280,207	\$ 583,056	\$ 667,272	\$ 757,342	\$ 853,600	\$ 956,399	\$ 1,066,112

Source: Dawson James

**Exhibit 3. U.S. Market Model for Psoriasis**

Piclidenoson - CF101 (US)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	
Psoriasis incidence	7,178,760	7,322,335	7,468,782	7,618,158	7,770,521	7,925,931	8,084,450	8,246,139	8,411,061	8,579,283	8,750,868	8,925,886	9,104,403	
Increase in incidence	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
Plaque psoriasis (80%)	5,743,008	5,857,868	5,975,026	6,094,526	6,216,417	6,340,745	6,467,560	6,596,911	6,728,849	6,863,426	7,000,685	7,140,709	7,283,523	
Moderate to severe plaque psoriasis (17%)	976,311	995,838	1,015,754	1,036,069	1,056,791	1,077,927	1,099,485	1,121,475	1,143,904	1,166,782	1,190,118	1,213,920	1,238,199	
Patients seeking treatment (84%)	820,102	836,504	853,234	870,298	887,704	905,458	923,568	942,039	960,880	980,097	999,699	1,019,693	1,040,087	
<b>Market Penetration</b>						0.0%	3.0%	6.0%	7.0%	8.0%	9.0%	10.0%	11.0%	
Patients receiving CF101						\$ 5,000	\$ 27,707	\$ 56,522	\$ 67,262	\$ 78,408	\$ 89,973	\$ 101,969	\$ 114,410	
Annual cost of treatment						\$ 5,000	\$ 5,100	\$ 5,202	\$ 5,306	\$ 5,412	\$ 5,520	\$ 5,631	\$ 5,743	
Increase in Price						2%	2%	2%	2%	2%	2%	2%	2%	
Revenue ('000)						\$ -	\$ 141,306	\$ 294,029	\$ 356,893	\$ 424,356	\$ 496,687	\$ 574,170	\$ 657,103	
Probability of Success						50%	50%	50%	50%	50%	50%	50%	50%	
<b>Total Revenue ('000)</b>						\$ -	\$ -	\$ 70,653	\$ 147,015	\$ 178,446	\$ 212,178	\$ 248,343	\$ 287,085	\$ 328,552

Source: Dawson James

**Exhibit 4. EU Market Model for Psoriasis**

Piclidenoson - CF101 (EU)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	
Psoriasis incidence	11,648,440	11,779,409	12,014,997	12,265,297	12,500,403	12,750,411	13,005,419	13,265,528	13,530,838	13,801,455	14,077,484	14,359,034	14,646,214	
Increase in incidence	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	
Plaque psoriasis (80%)	9,238,752	9,423,527	9,611,998	9,804,238	10,000,322	10,200,329	10,404,335	10,612,422	10,824,670	11,041,164	11,261,987	11,487,227	11,716,971	
Moderate to severe plaque psoriasis (17%)	1,570,588	1,602,000	1,634,040	1,666,720	1,700,055	1,734,056	1,768,737	1,804,112	1,840,194	1,876,998	1,914,538	1,952,829	1,991,885	
Patients seeking treatment (84%)	1,319,294	1,345,680	1,372,593	1,400,045	1,428,046	1,456,607	1,485,739	1,515,454	1,545,763	1,576,878	1,608,212	1,640,376	1,673,184	
<b>Market Penetration</b>						0.0%	2.0%	9.0%	10.0%	11.0%	12.0%	13.0%	14.0%	
Patients receiving CF101						-	29,715	136,391	154,576	173,435	192,985	213,249	234,246	
Price of treatment						\$ 3,000	\$ 3,060	\$ 3,121	\$ 3,184	\$ 3,247	\$ 3,312	\$ 3,378	\$ 3,446	
Increase in Price						2%	2%	2%	2%	2%	2%	2%	2%	
Revenue ('000)						\$ -	\$ 90,927	\$ 425,703	\$ 492,113	\$ 563,194	\$ 639,214	\$ 720,459	\$ 807,224	
Probability of Success						50%	50%	50%	50%	50%	50%	50%	50%	
<b>Total Revenue ('000)</b>						\$ -	\$ -	\$ 45,464	\$ 212,852	\$ 246,056	\$ 281,597	\$ 319,607	\$ 360,229	\$ 403,612

Source: Dawson James

**Exhibit 5. Income Statement**

Can-Fite Biopharma: Income Statement (\$000)																													
-YE December 31	2015A	2016A	2017A	2018A	2019A	1Q20A	2Q20E	3Q20E	4Q20E	2020E	1Q21E	2Q21E	3Q21E	4Q21E	2021E	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	
<b>Revenue:</b>																													
Picidenoson (CF-101), Rheumatoid Arthritis U.S.	165	170	847		2,032	198				198												134,394	163,128	193,963	227,024	262,440	300,347	340,889	
Picidenoson (CF-101), Rheumatoid Arthritis EU																							280,207	583,056	667,272	757,342	853,600	956,399	1,066,112
Picidenoson (CF-101), Psoriasis U.S.																							70,653	147,015	176,446	212,178	248,343	287,085	328,552
Picidenoson (CF-101), Psoriasis EU																							45,464	212,852	246,056	281,597	319,607	360,229	403,612
Namodenoson HCC U.S.																							7,940	41,304	51,567	62,592	74,424	87,110	100,699
Namodenoson HCC EU																							11,095	57,716	72,057	87,463	103,996	121,722	140,711
Namodenoson NASH/NAFLD U.S.																							81,284	169,135	263,953	366,155	380,948	396,338	412,350
Namodenoson NASH/NAFLD EU																							67,654	140,775	219,693	304,755	317,071	329,893	343,883
<b>Total Product Sales</b>	165	170	847		2,032	198				198												538,658	1,147,353	1,337,905	1,540,733	1,758,415	1,991,171	2,239,863	
Milestone From Gebro Holdings				3,820																									
Picidenoson (CF-101), Rheumatoid Arthritis U.S.																							33,599	48,938	58,189	68,107	78,732	90,104	102,267
Royalty Rate from Global Partnership																							25%	30%	30%	30%	30%	30%	30%
Picidenoson (CF-101), Rheumatoid Arthritis EU																						#DIV/0!	#DIV/0!	200,182	227,202	256,080	286,920	319,834	353,842
Royalty Rate from Global Partnership																							25%	25%	25%	25%	25%	25%	25%
Picidenoson (CF-101), Psoriasis U.S.																							17,663	36,754	44,612	53,044	62,086	71,771	82,138
Royalty Rate from Global Partnership																							25%	25%	25%	25%	25%	25%	25%
Picidenoson (CF-101), Psoriasis EU																							17,663	36,754	44,612	53,044	62,086	71,771	82,138
Royalty Rate from Global Partnership																							39%	17%	18%	19%	19%	20%	20%
Namodenoson HCC U.S.																							1,985	10,326	12,892	15,648	18,606	21,777	25,175
Royalty Rate from Global Partnership																							25%	25%	25%	25%	25%	25%	25%
Namodenoson HCC EU																							2,774	14,429	18,014	23,615	28,079	32,865	37,992
Royalty Rate from Global Partnership																							#DIV/0!	#DIV/0!	25%	25%	25%	25%	25%
Namodenoson NASH/NAFLD U.S.																							20,321	42,284	65,988	93,223	96,989	100,908	104,984
Royalty Rate from Global Partnership																							25%	25%	25%	25%	25%	25%	25%
Namodenoson NASH/NAFLD EU																							16,914	35,194	54,923	76,190	79,268	82,470	85,803
Royalty Rate from Global Partnership																							25%	25%	25%	25%	25%	25%	25%
<b>Total royalties, collaborative revenue</b>				4,452	2,032	198				198													164,057	381,315	479,682	588,808	678,848	785,384	836,997
<b>Total Revenue</b>		170	847	4,452	2,032	198				198													164,057	381,315	479,682	588,808	678,848	785,384	836,997
<b>Expenses:</b>																													
Partnership Costs including COGS																													
Research and Development	%COGS	3,858	6,081	5,285	6,075	10,976	3,771	2,687	2,911	3,023	11,196	2,626	2,741	2,969	3,083	11,419	2,679	2,795	3,028	3,145	11,648	11,881	12,118	12,361	12,608	12,860	13,117	13,380	13,647
General and Administrative	%SG&A	2,725	2,726	2,956	3,159	3,059	703	1,200	1,300	1,350	5,000	1,208	1,260	1,365	1,418	5,250	1,840	1,920	2,080	2,160	8,000	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885
<b>Total Expenses</b>		6,583	8,807	8,241	9,234	14,035	4,474	3,887	4,211	4,373	16,945	3,834	4,001	4,334	4,501	16,669	4,519	4,715	5,108	5,305	19,648	23,881	51,651	82,958	93,365	104,483	116,353	129,019	142,526
Operating Income (Loss)		(6,418)	(8,637)	(7,394)	(5,414)	(12,003)	(4,276)	(3,887)	(4,211)	(4,373)	(16,747)	(3,834)	(4,001)	(4,334)	(4,501)	(16,669)	(4,519)	(4,715)	(5,108)	(5,305)	(19,648)	(23,881)	112,405	298,356	386,317	484,325	562,494	626,365	694,472
Finance expenses		564	178	1,102	1,204	893																							
Finance income		(1,920)	(1,820)	(2,999)	(51)	3,109	(66)																						
<b>Total Other Income</b>		(1,356)	(1,642)	(1,897)	1,153	2,416	(66)																						
<b>Pre-tax Income</b>		5,662	(6,955)	(4,963)	(6,557)	(9,587)	(4,342)	(3,887)	(4,211)	(4,373)	(16,747)	(3,834)	(4,001)	(4,334)	(4,501)	(16,669)	(4,519)	(4,715)	(5,108)	(5,305)	(19,648)	(23,881)	112,405	298,356	386,317	484,325	562,494	626,365	694,472
Taxes on income		4	29		4																								
Adjustments arising from translating financial statements of foreign operations			9	30			(715)																						
Remeasurement loss from defined benefit plans		99																											
<b>Tax Rate</b>																							5%	8%	12%	25%	30%	32%	34%
<b>GAAP Net Income (Loss)</b>		5,066	(6,966)	(4,993)	(6,571)	(9,587)	(4,342)	(3,887)	(4,211)	(4,373)	(16,747)	(3,834)	(4,001)	(4,334)	(4,501)	(16,669)	(4,519)	(4,715)	(5,108)	(5,305)	(19,648)	(23,881)	112,405	298,356	386,317	484,325	562,494	626,365	694,472
<b>Total comprehensive loss</b>		5,066	(6,967)	(4,993)	(6,571)	(9,587)	(4,342)	(3,887)	(4,211)	(4,373)	(16,747)	(3,834)	(4,001)	(4,334)	(4,501)	(16,669)	(4,519)	(4,715)	(5,108)	(5,305)	(19,648)	(23,881)	111,026	274,488	339,959	363,244	393,746	425,928	458,351
<b>GAAP-EPS</b>	#DIV/0!	(0.25)	(0.14)	(0.17)	(1.77)	(0.47)	(0.30)	(0.28)	(0.18)	(1.08)	(0.15)	(0.16)	(0.17)	(0.13)	(0.61)	(0.13)	(0.13)	(0.15)	(0.15)	(0.56)	(0.68)	3.18	8.41	10.85	13.54	15.67	17.38	19.19	
GAAP-EPS (Dil)		(0.14)	(0.16)	(0.19)	(1.35)	(0.31)	(0.20)	(0.19)	(0.12)	(0.72)	(0.10)	(0.11)	(0.12)	(0.09)	(0.42)	(0.10)	(0.10)	(0.11)	(0.11)	(0.41)	(0.50)	2.34	6.20	7.99	9.98	11.55	12.80	14.14	
Wght Avg ADR Shrs (Bas) - '000s		28,096	32,994	38,793	5,833	9,222	13,133	14,851	24,866	15,519	24,991	24,916	24,941	34,866	27,428	35,001	35,036	35,071	35,106	35,053	35,194	35,335	35,476	35,618	35,761	35,904	36,048	36,193	
Wght Avg ADR Shrs (Dil) - '000s		28,096	32,994	41,953	8,910	13,833	19,700	22,277	37,299	23,277	37,338	37,373	37,411	47,448	39,892	47,496	47,543	47,591	47,638	47,567	47,758	47,949	48,141	48,334	48,527	48,722	48,917	49,113	

Source: Dawson James Securities

**Risk Analysis**

In addition to the typical risks associated with development stage specialty pharmaceutical companies, potential risks specific to Can-Fite are as follows:

**Financial risk.** The Company may need to raise capital in the marketplace, and there can be no assurances that the Company will be able to successfully raise capital and or do so on favorable terms.

**Clinical and regulatory risk.** Lead products must start and complete clinical trials. Trials may not produce results sufficient for regulatory approval.

**Partnership risk.** Can-Fite may seek partnerships for clinical development support and commercialization. We have no specific knowledge of any discussions with possible partners today, and there can be no assurances that the Company will be able to secure a favorable partnership.

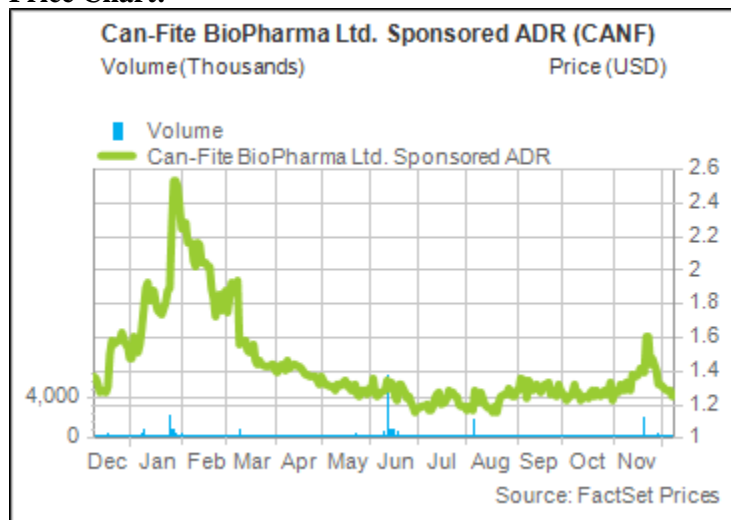
**Commercial risk.** There are no assurances that the Company will be able to secure favorable pricing, commercially launch products, and achieve significant market share to become profitable.

**Legal and intellectual property risk.** The Company may have to defend its patents and technical know-how, and there can be no assurances that the patents will not be infringed or will be held as valid if challenged, and or that the Company may infringe on third party's patents.

Companies mentioned in this report:

**Important Disclosures:**

**Price Chart:**



Price target and rating changes over the past three years:

- Initiated – Buy – December 13, 2018 – Price Target \$7
- Update – Buy – March 26, 2019 – Price Target \$6
- Update – Buy – May 21, 2019 – Price Target \$9 (adjusted down after reverse stock split).
- Update – Buy – August 7, 2019 – Price Target \$9
- Update – Buy – September 11, 2019 – Price Target \$9
- Update – Buy – September 18, 2019 – Price Target \$9
- Update – Buy – September 23, 2019 – Price Target \$9
- Update – Buy – October 15, 2019 – Price Target \$9
- Update – Buy – October 31, 2019 – Price Target \$9
- Update – Buy – November 4, 2019 – Price Target \$9
- Update – Buy – December 2, 2019 – Price Target \$9
- Update – Buy – December 11, 2019 – Price Target \$9
- Update – Buy – February 3, 2020 – Price Target \$9
- Update – Buy – February 19, 2020 – Price Target \$9
- Update – Buy – March 5, 2020 – Price Target \$9
- Update – Buy – April 13, 2020 – Price Target \$9
- Update – Buy – April 20, 2020 – Price Target \$9
- Update – Buy – May 19, 2020 – Price Target \$9
- Update – Buy – June 1, 2020 – Price Target \$9
- Update – Buy – June 9, 2020 – Price Target \$9
- PT Change – Buy – June 10, 2020 – Price Target lowered from \$9 to \$7.0
- Update – Buy – June 30, 2020 – Price Target \$7
- Update – Buy – July 6, 2020 – Price Target \$7

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**Rating Definitions:**

- 1) **Buy:** the analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
- 2) **Neutral:** the analyst believes the price of the stock is fairly valued for the next 12-18 months;
- 3) **Sell:** the analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	23	92%	3	13%
Market Perform (Neutral)	2	8%	1	50%
Market Underperform (Sell)	0	0%	0	0%
Total	25	100%	4	16%

**Analyst Certification:**

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