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Update Report

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Can-Fite BioPharma Ltd. (NYSE/CANF)

March 16, 2021

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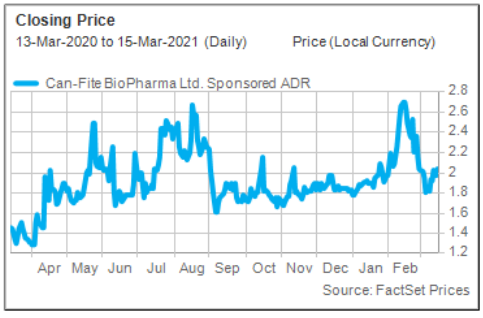
BUY Rated: Ewopharma Cuts a Deal After Six Months of Diligence

Can-Fite announced a deal with Ewopharma: This is a Swiss-based firm with strong marketing reach in the Central Eastern European (CEE) region. We understand that this was the result of six months of diligence around Piclidenoson (psoriasis) and Namodenoson for liver cancer (HCC). The Terms: Ewopharma has agreed to pay $2.25 million upfront, with up to an additional $40.45 million payable upon the achievement of regulatory and sales milestones plus 17.5% royalties on net sales. In exchange, Ewopharma will have the exclusive right to market and sell Piclidenoson in Central Eastern European (CEE) countries and Namodenoson in CEE countries and Switzerland. Ewopharma has the right to extend the distribution agreement to new indications that Can-Fite may identify for its drug candidates.

Current Price	**$2.04**
Price Target	**$5.00**

Estimates	F2020A	F2021E	F2022E
Expenses ($000s)	17,093	16,669	19,648
1Q March	4,474	3,834	4,519
2Q June	4,035	4,001	4,715
3Q September	4,211	4,334	5,108
4Q December	4,373	4,501	5,305
	F2020A	F2021E	F2022E
EPS (diluted)	(1.17)	(0.49)	(0.39)
1Q March	(0.47)	(0.15)	(0.09)
2Q June	(0.25)	(0.11)	(0.09)
3Q September	(0.28)	(0.12)	(0.10)
4Q December	(0.17)	(0.10)	(0.11)
EBITDA/Share	($0.15)	($0.16)	($1.08)
EV/EBITDA (x)	0.0	0.0	0.0

Stock Data			
52-Week Range	$1.15	-	$2.98
Shares Outstanding (mil.)			17.0
Market Capitalization (mil.)			$34.6
Enterprise Value (mil.)			$49.8
Debt to Capital			0.0%
Book Value/Share			$4.52
Price/Book			15.1
Average Three Months Trading Volume (M)			0.6
Insider Ownership			4.9%
Institutional Ownership			12.3%
Short interest (mil.)			2.0%
Dividend / Yield			$0.00/0.0%



Investment Highlights

COMFORT Continues… An Independent Data Monitoring Committee (late last year) recommended the Piclodenoson Phase 3 psoriasis study continue. The IDMC also recommended that one of the dosing groups be dropped. The committee advised "no change" to the sample size, which we view as positive. Recall that 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 who 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.

What is Piclidenoson (CF101)? It is an oral A_3AR Agonist being developed as a treatment for rheumatoid arthritis and psoriasis. Piclidenoson has also shown potential for other inflammatory diseases such as Crohn's disease. The orally bioavailable A_3AR agonist has a half-life of approximately eight to nine hours in circulation. Piclidenoson is a highly selective A_3AR agonist and is a nucleoside derivative with a molecular weight of 510.29 daltons. Piclidenoson is not metabolized in the body and is secreted unchanged. Binding of Piclidenoson to A_3AR inhibits the production of inflammatory cytokines including Tumor Necrosis Factor Alpha (TNF-α), Interleukin (IL) -6, IL-1, and chemokines, or small cytokines, such as MMP, by signaling through the NF-κB pathway and the PKB/AKT pathway. The net result is believed to be deregulation of the Wnt and the NF-κB pathways. NF-κB is a transcription factor responsible for the expression of pro-inflammatory cytokines, and it is activated by intra and extra cellular stimuli such as TNF-α and IL-1 (and other cytokines and chemokines). Dysregulation of Wnt and NF-κB signaling induces inflammatory conditions/diseases.

Valuation. We evaluate Piclidenoson in Psoriasis but do not include COVID, 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

Please find Important Disclosures beginning on Page 4.

still dependent on the outcome of the clinical trial. Our valuation conclusion is an equally-weighted average of our FCFF, EPS, and sum-of-the-parts analysis. We use a projected fully diluted end-year share count and assume multiple raises. The conclusion of this method is a $5.00 price target.

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

Product Modeling Assumptions

1. We assume the program in RA does not continue but Psoriasis does to a second pivotal trial. If we assume a similar size, cost, and time for the studies, it suggests we could see U.S. top line data in a year from the current trial.
2. We assume Can-Fite partners 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 2% year on year increases for Piclidenoson in Psoriasis, and the target population is assumed to be high A_3AR expressers.
4. A probability success factor of 50% to our models for Psoriasis.
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 Psoriasis, HCC and NASH & NAFLD

Namodenoson - CF102 (US$)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Hepatocellular Carcinoma incidence	42,355	43,202	44,066	44,947	45,846	46,763	47,698	48,652	49,625	50,618	51,630	52,663	53,716
Increase in incidence	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
% of deaths due to Sorafenib in patients with Barcelona Clinic Liver Cancer stage C HCC (64%)	27,107	27,649	28,202	28,766	29,341	29,928	30,527	31,137	31,760	32,395	33,043	33,704	34,378
Market Penetration					0.0%	0.0%	1.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%
Patients receiving CF101					-	-	305	1,557	1,906	2,268	2,643	3,033	3,438
Price of treatment					$ 50,000	$ 51,000	$ 52,020	$ 53,060	$ 54,122	$ 55,204	$ 56,308	$ 57,434	$ 58,583
Increase in Price					2%	2%	2%	2%	2%	2%	2%	2%	2%
Revenue ('000)					$ -	$ -	$ 15,860	$ 82,608	$ 103,135	$ 125,185	$ 148,848	$ 174,220	$ 201,398
Probability of Success					50%	50%	50%	50%	50%	50%	50%	50%	50%
Total Revenue ('000)					**$ -**	**$ -**	**$ 7,940**	**$ 41,304**	**$ 51,567**	**$ 62,592**	**$ 74,424**	**$ 87,110**	**$ 100,699**

Namodenoson - CF102 (EU)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Hepatocellular Carcinoma incidence	54,111	55,193	56,297	57,423	58,572	59,743	60,938	62,157	63,400	64,668	65,961	67,280	68,626
Increase in incidence	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
% of death occurrence due to Sorafenib in patients with Barcelona Clinic Liver Cancer stage C HCC (64%)	34,631	35,324	36,030	36,751	37,486	38,236	39,000	39,780	40,576	41,387	42,215	43,060	43,921
Market Penetration					0.0%	0.0%	1.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%
Patients receiving CF101					-	-	609	3,108	3,804	4,527	5,277	6,055	6,863
Price of treatment					$ 35,000	$ 35,700	$ 36,414	$ 37,142	$ 37,885	$ 38,643	$ 39,416	$ 40,204	$ 41,008
Increase in Price					2%	2%	2%	2%	2%	2%	2%	2%	2%
Revenue ('000)					$ -	$ -	$ 22,190	$ 115,432	$ 144,115	$ 174,927	$ 207,993	$ 243,445	$ 281,422
Probability of Success					50%	50%	50%	50%	50%	50%	50%	50%	50%
Total Revenue ('000)					**$ -**	**$ -**	**$ 11,095**	**$ 57,716**	**$ 72,057**	**$ 87,463**	**$ 103,996**	**$ 121,722**	**$ 140,711**

Namodenoson - CF102 (US)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
NAFLD/NASH	11,548,440	11,779,409	12,014,997	12,255,297	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%
Market Penetration							0.25%	0.50%	0.75%	1.00%	1.00%	1.00%	1.00%
Patients receiving CF101							32,514	66,328	101,481	138,015	140,775	143,590	146,462
Price of treatment							$ 25,000	$ 25,500	$ 26,010	$ 26,530	$ 27,061	$ 27,602	$ 28,154
Increase in Price							2%	2%	2%	2%	2%	2%	2%
Revenue ('000)						$ -	$ 812,839	$ 1,691,355	$ 2,639,528	$ 3,661,554	$ 3,809,480	$ 3,963,383	$ 4,123,504
Probability of Success					10%	10%	10%	10%	10%	10%	10%	10%	10%
Total Revenue ('000)					**$ -**	**$ -**	**$ 81,284**	**$ 169,135**	**$ 263,953**	**$ 366,155**	**$ 380,948**	**$ 396,338**	**$ 412,350**

Namodenoson - CF102 (EU-5)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
NAFLD/NASH	11,548,440	11,779,409	12,014,997	12,255,297	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%
Market Penetration							0.00%	0.25%	0.50%	0.75%	1.00%	1.00%	1.00%
Patients receiving CF101							-	33,164	67,654	103,511	140,775	143,590	146,462
Price of treatment							$ 20,000	$ 20,400	$ 20,808	$ 21,224	$ 21,649	$ 22,082	$ 22,523
Increase in Price							2%	2%	2%	2%	2%	2%	2%
Revenue ('000)							$ -	$ 676,542	$ 1,407,748	$ 2,196,932	$ 3,047,584	$ 3,170,707	$ 3,298,803
Probability of Success					10%	10%	10%	10%	10%	10%	10%	10%	10%
Total Revenue ('000)					**$ -**	**$ -**	**$ -**	**$ 67,654**	**$ 140,775**	**$ 219,693**	**$ 304,758**	**$ 317,071**	**$ 329,880**

Source: Dawson James Securities, company reports

Exhibit 2. Income Statement

Can-Fite Biopharma.: Income Statement ($000)																					
.: YE December 31	2016A	2017A	2018A	2019A	1Q20A	2Q20A	3Q20A	4Q20E	2020E	1Q21E	2Q21E	3Q21E	4Q21E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue:	170	847		2,032	198	204			402														
Piclidenoson (CF-101), Rheumatoid Arthritis U.S.															-	-	-	-	-	-	-	-	-
Piclidenoson (CF-101), Rheumatoid Arthritis EU															-	-	-	-	-	-	-	-	-
Piclidenoson (CF-101), Psoriasis U.S.															-	-	70,653	147,015	178,446	212,178	248,343	287,085	328,552
Piclidenoson (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	304,758	317,071	329,880
Total Product Sales	170	847	-	2,032	198	204	-	-	402	-	-	-	-	-	-	-	124,057	401,170	476,070	556,367	642,375	734,424	832,863
Milestone From Gebro Holdings			3,820																				
Piclidenoson (CF-101), Rheumatoid Arthritis U.S.																							
Royalty Rate from Global Partnership																							
Piclidenoson (CF-101), Rheumatoid Arthritis EU																							
Royalty Rate from Global Partnership																							
Piclidenoson (CF-101), Psoriasis U.S.																	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%
Piclidenoson (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																	25%	25%	25%	27%	27%	27%	27%
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
Royalty Rate from Global Partnership																		25%	25%	25%	25%	25%	25%
Total royalties, collaborative revenue	-	-	**4,452**																				
Total Revenue	170	847	4,452	2,032	198	204	-	-	402	-	-	-	-	-	-	-	60,406	157,460	221,311	293,499	344,036	378,360	414,897
Expenses:																							
Partnership Costs including COGS		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,203	20,059	23,804	27,818	32,119	36,721	41,643
%COGS															5%	5%	5%	5%	5%	5%	5%	5%	5%
Research and Development	6,081	5,285	6,075	10,976	3,771	3,283	2,911	3,023	11,196	2,626	2,741	2,969	3,083	11,419	11,648	11,881	12,118	12,361	12,608	12,860	13,117	13,380	13,647
%R&D																							
General and Administrative	2,726	2,956	3,159	3,059	703	752	1,300	1,350	5,000	1,208	1,260	1,365	1,418	5,250	8,000	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885
%SG&A																							
Total Expenses	8,807	8,241	9,234	14,035	4,474	4,035	4,211	4,373	17,093	3,834	4,001	4,334	4,501	16,669	19,648	23,881	30,921	45,649	50,303	55,265	60,551	66,182	72,176
Operating Income (Loss)	(8,637)	(7,394)	(5,414)	(12,003)	(4,276)	(3,831)	(4,211)	(4,373)	(16,691)	(3,834)	(4,001)	(4,334)	(4,501)	(16,669)	(19,648)	(23,881)	29,485	111,810	171,008	238,234	283,484	312,178	342,721
Finance expenses	178	1,102	1,204	693																			
Finance income	(1,820)	(2,999)	(51)	3,109	(66)	(62)																	
Total Other Income	**(1,642)**	**(1,897)**	**1,153**	2,416	**(66)**	**(62)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pretax Income	(6,995)	(4,963)	(6,567)	(9,587)	(4,342)	(3,769)	(4,211)	(4,373)	(16,691)	(3,834)	(4,001)	(4,334)	(4,501)	(16,669)	(19,648)	(23,881)	29,485	111,810	171,008	238,234	283,484	312,178	342,721
Taxes on income	29		4																				
Adjustments arising from translating financial statements of foreign operations	9	30			(715)	-											1,474	8,945	20,521	59,558	85,045	99,897	116,525
Remeasurement loss from defined benefit plans		-																					
Tax Rate																	5%	8%	12%	25%	30%	32%	34%
GAAP Net Income (Loss)	(6,966)	(4,993)	(6,571)	(9,587)	(4,342)	(3,769)	(4,211)	(4,373)	(16,691)	(3,834)	(4,001)	(4,334)	(4,501)	(16,669)	(19,648)	(23,881)	29,485	111,810	171,008	238,234	283,484	312,178	342,721
Total comprehensive loss	(6,957)	(4,993)	(6,571)	(9,587)	(5,057)	(3,769)	(4,211)	(4,373)	(16,691)	(3,834)	(4,001)	(4,334)	(4,501)	(16,669)	(19,648)	(23,881)	30,959	102,866	150,487	178,675	198,439	212,281	226,196
GAAP-EPS	(0.25)	(0.14)	(0.17)	(1.77)	(0.47)	(0.25)	(0.28)	(0.26)	(1.26)	(0.23)	(0.11)	(0.12)	(0.10)	(0.56)	(0.39)	(0.47)	0.58	2.21	3.36	4.66	5.53	6.06	6.63
GAAP-EPS (Dil)		(0.14)	(0.16)	(1.35)	(0.31)	(0.13)	(0.14)	(0.11)	(0.58)	(0.10)	(0.07)	(0.07)	(0.06)	(0.29)	(0.25)	(0.30)	0.37	1.38	2.10	2.91	3.45	3.79	4.14
Wgtd Avg ADR Shrs (Bas) - '000s	28,096	32,994	38,793	5,833	9,222	15,000	15,150	16,993	14,091	17,010	35,000	35,035	45,070	33,029	50,075	50,276	50,477	50,679	50,882	51,086	51,291	51,496	51,703
Wgtd Avg ADR Shrs (Dil) - '000s	28,096	32,994	41,953	8,910	13,833	30,000	30,300	40,000	28,533	40,040	60,000	60,060	70,120	57,555	80,120	80,441	80,763	81,087	81,412	81,738	82,065	82,394	82,724

Source: Dawson James Securities, company reports

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. There can be no assurances that the Company will be able to secure favorable partnerships.

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.

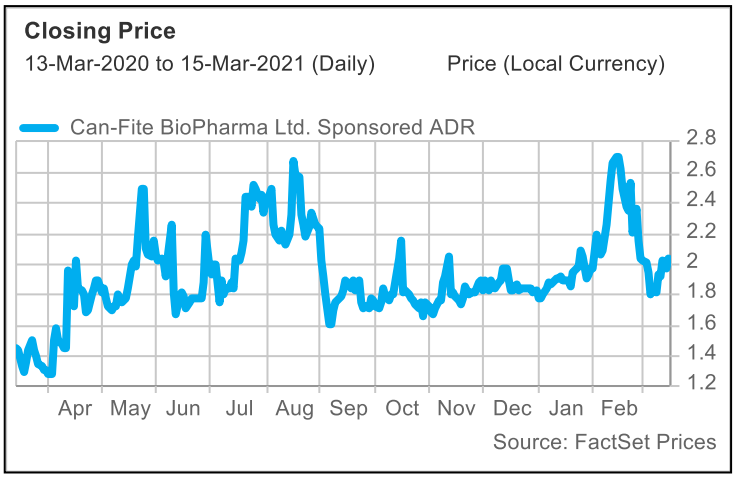
Legal and intellectual property risk. The Company may have to defend its patents and technical know-how, and there can be no assurances that the patents will not be infringed or will be held as valid if challenged, and or that the Company may infringe on third parties' patents.

Companies mentioned in this report:

Ewopharma (private)

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 30, 2020 – Price Target $7
Update – Buy – August 31, 2020 – Price Target $7
PT Change – Buy – October 6, 2020 – Price Target $5
Update – Buy – November 16, 2020 – Price Target $5
Update – Buy – December 1, 2020 – Price Target $5
Update – Buy – January 25, 2021 – Price Target $5
Update – Buy – February 23, 2021 – Price Target $5
Update – Buy – March 5, 2021 – Price Target $5
Update – Buy – March 16, 2021 – Price Target $5

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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;
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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.

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	21	72%	6	29%
Market Perform (Neutral)	8	28%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	29	100%	6	21%

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