

Can-Fite BioPharma Ltd. (NYSE/CANF)

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BUY-Rated – COVID Study Expands to Europe

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Can-Fite announces that its Piclidenoson (an anti-inflammatory being evaluated in a P2 trial for psoriasis) study, now in COVID, will expand to Europe.

Investment Highlights

COVID Trial: This is a randomized, double blind, placebo-controlled study evaluating the benefits of Piclidenoson plus standard supportive care (SSC) vs. placebo plus SSC in patients hospitalized with moderate to severe COVID-19, as defined by the U.S. National Institutes of Health Coronavirus Disease 2019 (COVID-19) Treatment Guidelines. Patients are randomized in a 1:1 ratio to receive 2 mg Piclidenoson twice daily or placebo and treated for up to 28 days. Efficacy will be assessed through standard measures of clinical and respiratory status at Day 29, including the proportion of patients alive and free of respiratory failure, as well as the proportion discharged home without need for supplemental oxygen. Safety and pharmacokinetic data will also be captured.

Pivotal Support:

- Piclidenoson is now being evaluated in the COMFORT Phase 3 clinical study, which continues to enroll patients following a positive interim data analysis. The COMFORT study is designed to establish Piclidenoson's superiority as compared to placebo and non-inferiority compared to Otezla® in patients with moderate-to-severe plaque psoriasis.
- Namodenoson: A pivotal Phase 3 study in the treatment of hepatocellular cancer (HCC), the most common form of liver cancer, is expected to commence in the fourth quarter of 2021. Namodenoson has Orphan Drug Status in the U.S. and Europe and Fast Track Status with the FDA. Can-Fite has reached agreement with both the FDA and EMA on the study design, and upon successful results, the trial may lead to concurrent marketing approval in the U.S. and Europe.
- As part of a New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA) and a Marketing Authorization Application (MAA) to the European Medicines Agency (EMA), both regulators require certain preclinical data be submitted along with these pivotal data sets.

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 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: Please see the Risk Analysis section.

Current Price	\$2.22
Price Target	\$5.00

Estimates	F2020A	F2021E	F2022E
Expenses (\$000s)	14,902	15,289	20,434
1Q March	4,474	3,516	4,700
2Q June	4,035	3,669	4,904
3Q September	2,690	3,975	5,313
4Q December	3,703	4,128	5,517

	F2020A	F2021E	F2022E
EPS (diluted)	(1.02)	(0.45)	(0.41)
1Q March	(0.47)	(0.14)	(0.09)
2Q June	(0.25)	(0.10)	(0.10)
3Q September	(0.16)	(0.11)	(0.11)
4Q December	(0.14)	(0.09)	(0.11)

	F2020A	F2021E	F2022E
EBITDA/Share	(\$0.15)	(\$0.16)	(\$1.08)
EV/EBITDA (x)	0.0	0.0	0.0

Stock Data			
52-Week Range	\$1.51	-	\$4.39
Shares Outstanding (mil.)	17.2		
Market Capitalization (mil.)	\$38.2		
Enterprise Value (mil.)	\$19.2		
Debt to Capital	0.0%		
Book Value/Share	\$4.52		
Price/Book	4.5		
Average Three Months Trading Volume (M)	0.8		
Insider Ownership	1.2%		
Institutional Ownership	12.3%		
Short interest (mil.)	5.2%		
Dividend / Yield	\$0.00/0.0%		

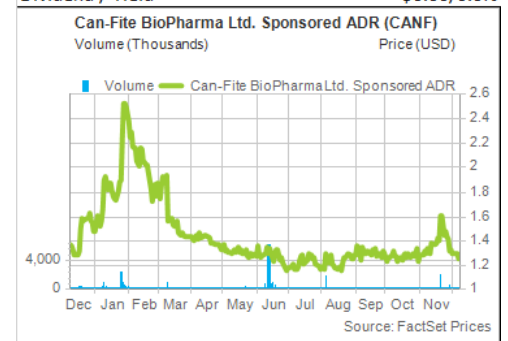


Exhibit 1. Income Statement

Can-Fite Biopharma: Income Statement (\$000)																								
:YE December 31	2015A	2016A	2017A	2018A	2019A	1Q20A	2Q20A	3Q20A	4Q20A	2020A	1Q21E	2Q21E	3Q21E	4Q21E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue:	165	170	847		2,032	198	204	211	150	763														
Piclidensoson (CF-101), Rheumatoid Arthritis U.S.																								
Piclidensoson (CF-101), Rheumatoid Arthritis EU																								
Piclidensoson (CF-101), Psoriasis U.S.																		70,653	147,015	178,446	212,178	248,343	287,085	328,552
Piclidensoson (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	165	170	847	-	2,032	198	204	211	150	763	-	-	-	-	-	-	-	124,057	401,170	476,070	556,367	642,375	734,424	832,863
Milestone From Gebro Holdings				3,820																				
Piclidensoson (CF-101), Rheumatoid Arthritis U.S.																								
Royalty Rate from Global Partnership																								
Piclidensoson (CF-101), Rheumatoid Arthritis EU																								
Royalty Rate from Global Partnership																								
Piclidensoson (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%
Piclidensoson (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	2,032	198	204	211	150	763	-	-	-	-	-	-	-	60,406	157,460	221,311	293,499	344,036	378,360	414,897
Total Revenue	-	170	847	4,452	2,032	198	204	211	150	763	-	-	-	-	-	-	-	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
Research and Development	3,858	6,081	5,285	6,075	10,976	3,771	3,283	2,001	2,896	11,951	2,804	2,926	3,169	3,291	12,190	12,434	12,682	12,936	13,195	13,459	13,728	14,003	14,283	14,568
General and Administrative	2,725	2,726	2,956	3,159	3,059	703	752	689	807	2,951	713	744	806	837	3,099	8,000	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885
Total Expenses	6,583	8,807	8,241	9,234	14,035	4,474	4,035	2,690	3,703	14,902	3,516	3,669	3,975	4,128	15,289	20,434	24,682	31,739	46,483	51,154	56,132	61,437	67,085	73,097
Operating Income (Loss)	(6,418)	(8,637)	(7,394)	(5,414)	(12,003)	(4,276)	(3,831)	(2,479)	(3,553)	(14,139)	(3,516)	(3,669)	(3,975)	(4,128)	(15,289)	(20,434)	(24,682)	28,667	110,976	170,157	237,366	282,599	311,276	341,801
Finance expenses	564	178	1,102	1,204	693																			
Finance income	(1,920)	(1,820)	(2,999)	(51)	3,109	(66)	(62)	(96)	(80)	(304)														
Total Other Income	(1,356)	(1,642)	(1,897)	1,153	2,416	(66)	(62)	(96)	(80)	(304)														
Pretax Income	5,062	(6,995)	(4,993)	(6,567)	(9,587)	(4,342)	(3,769)	(2,383)	(3,473)	(13,835)	(3,516)	(3,669)	(3,975)	(4,128)	(15,289)	(20,434)	(24,682)	28,667	110,976	170,157	237,366	282,599	311,276	341,801
Taxes on income	4	29		4																				
Adjustments arising from translating financial statements of foreign operations		9	30			(715)				(715)														
Remeasurement loss from defined benefit plans	99																							
Tax Rate																		5%	8%	12%	25%	30%	32%	34%
GAAP Net Income (Loss)	5,066	(6,966)	(4,993)	(6,571)	(9,587)	(4,342)	(3,769)	(2,383)	(3,473)	(14,443)	(3,516)	(3,669)	(3,975)	(4,128)	(15,289)	(20,434)	(24,682)	28,667	110,976	170,157	237,366	282,599	311,276	341,801
Total comprehensive loss	5,066	(6,957)	(4,993)	(6,571)	(9,587)	(5,057)	(3,769)	(2,383)	(3,473)	(15,158)	(3,516)	(3,669)	(3,975)	(4,128)	(15,289)	(20,434)	(24,682)	30,101	102,098	149,739	178,025	197,819	211,667	225,588
GAAP EPS	#DIV0!	(0.25)	(0.14)	(0.17)	(1.77)	(0.47)	(0.25)	(0.16)	(0.14)	(1.02)	(0.14)	(0.10)	(0.11)	(0.09)	(0.45)	(0.41)	(0.49)	0.57	2.19	3.34	4.65	5.51	6.04	6.61
GAAP EPS (Dil)			(0.14)	(0.16)	(1.35)	(0.31)	(0.13)	(0.08)	(0.08)	(0.48)	(0.08)	(0.06)	(0.07)	(0.06)	(0.26)	(0.26)	(0.31)	0.35	1.37	2.09	2.90	3.44	3.78	4.13
Wght Avg ADR Shrs (Bas) - '000s	-	28,096	32,994	38,793	5,833	9,222	15,000	15,150	25,165	17,191	25,190	35,000	35,035	45,070	35,074	50,075	50,276	50,477	50,679	50,882	51,086	51,291	51,496	51,703
Wght Avg ADR Shrs (Dil) - '000s	-	28,096	32,994	41,953	8,910	13,833	30,000	30,300	45,330	29,866	45,376	60,000	60,060	70,120	58,889	80,120	80,441	80,763	81,087	81,412	81,738	82,065	82,394	82,724

Source: Dawson James Securities estimates, 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. 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.

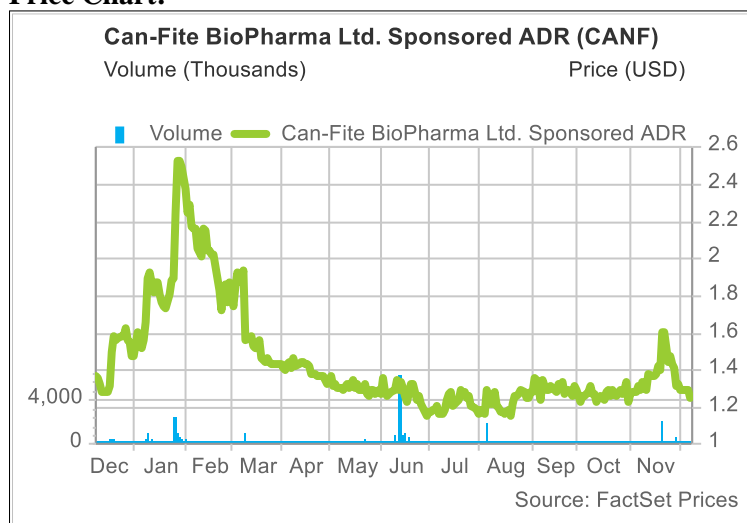
Commercial risk. There are no assurances that the Company will be able to secure favorable pricing, commercially launch products, and achieve significant market share to become profitable.

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 parties' 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 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 29, 2021 – Price Target \$5
Update – Buy – April 22, 2021 – Price Target \$5

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- 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.

As of: 19-Apr-21

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	20	67%	5	25%
Market Perform (Neutral)	10	33%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	30	100%	5	17%

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