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

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### BUY-Rated: COMFORT Pivotal Study Meets Its Primary Endpoint

*Can-Fite announced positive top-line results from the COMFORT pivotal trial of Piclidenoson in 400 plus adults with moderate to severe plaque psoriasis.*

### Investment Highlights

**COMFORT Pivotal Results: (from press release):** The study data show that patients treated with oral Piclidenoson 2 mg or 3 mg twice daily, had clinically equivalent efficacy responses. At week 16, patients receiving Piclidenoson 3mg demonstrated statistically significant improvement when compared with placebo, as measured by the Psoriasis Area and Severity Index (PASI) 75 response: Piclidenoson 3mg: 9.7% vs. placebo: 2.6% (P< 0.04). Secondary endpoint parameters at week 32 comparing Piclidenoson to the active control drug, Otezla, revealed inferiority with respect to PASI 75 (17% vs. 26.2%, respectively) and PASI 50 (34.1% vs. 49.5%, respectively), but revealed superiority of Piclidenoson as compared to Otezla in the Psoriasis Disability Index (PDI) (20.5% vs. 10.3%, respectively, P<0.05). A linear increase in the response of patients to Piclidenoson was achieved along the study period, on week 48 reaching PASI 50 in 90% of patients, PASI 90 in 10% of patients and PDI improvement in 60% of patients.

**What's Next?** A discussion with regulators (U.S. FDA and the European EMA) with a protocol for a pivotal Phase III study for drug approval and registration.

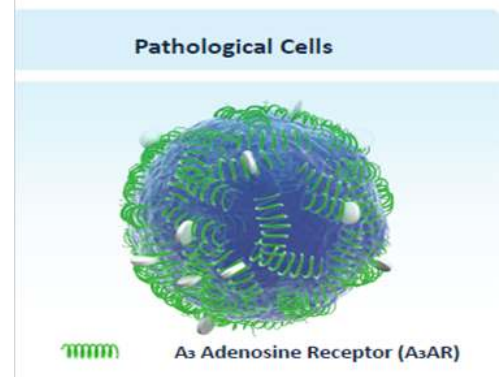
**Piclidenoson is currently licensed (psoriasis)** in five out-licensing deals for marketing and distribution of Piclidenoson for the treatment of psoriasis in markets including Canada, Eastern Europe, Central Europe (Austria, Swiss, Spain), China, and South Korea.

**What is Piclidenoson:** It is a novel, first-in-class, A3 adenosine receptor agonist (A3AR) small molecule, orally bioavailable drug with an excellent safety profile demonstrating evidence of efficacy in Phase II clinical studies. The drug's mechanism of action entails inhibition of the inflammatory cytokines interleukin 17 and 23 (IL-17 and IL-23) and the induction of apoptosis of patients' skin cell keratinocytes involved with the disease pathogenicity.

**Valuation.** We evaluate Piclidenoson in Psoriasis, Namodenoson in HCC, and NAFLD. We apply a probability of success factor in these patient-based models. These metrics then flow into our valuation models. For Can-Fite, we use a 30% discount rate (in addition to the risk rate), as Can-Fite is not yet profitable, and most of the products are still dependent on the outcome of the clinical trials. 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.

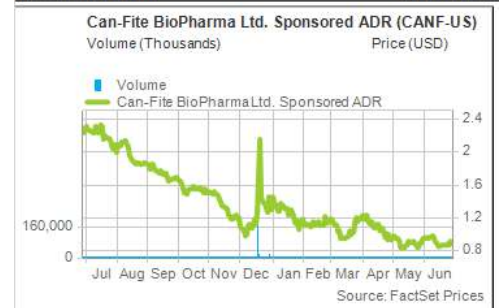
**Risks to our thesis include the following:** (1) commercial; (2) regulatory; (3) clinical; (4) manufacturing; (5) financial; (6) liability; and (7) intellectual property.

Current Price	\$0.88
Price Target	\$5.00



Source: Can-Fite

Stock Data			
52-Week Range	\$0.78	-	\$2.60
Shares Outstanding (mil.)	27.2		
Market Capitalization (mil.)	\$24.0		
Enterprise Value (mil.)	\$7.4		
Debt to Capital	0.0%		
Book Value/Share	\$4.52		
Price/Book	2.4		
Average Three Months Trading Volume (M)	0.2		
Insider Ownership	0.1%		
Institutional Ownership	1.7%		
Short interest (mil.)	1.2%		
Dividend / Yield	\$0.00/0.0%		





**Exhibit 2. Income Statement**

Can-Fite Biopharma.: Income Statement (\$'000)																
.. YE December 31	2019A	2020A	2021A	1Q22A	2Q22E	3Q22E	4Q22E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<b>Revenue:</b>	2,032	763	853	205	-	-	-	-	-	-	-	-	-	-	-	-
Piclidonoson (CF-101), Rheumatoid Arthritis U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Piclidonoson (CF-101), Rheumatoid Arthritis EU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Piclidonoson (CF-101), Psoriasis U.S.	-	-	-	-	-	-	-	-	-	91,849	191,119	231,980	275,831	322,846	373,211	427,117
Piclidonoson (CF-101), Psoriasis EU	-	-	-	-	-	-	-	-	-	59,103	276,707	319,873	366,076	415,489	468,298	524,696
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
<b>Total Product Sales</b>	2,032	763	853	205	-	-	-	-	-	158,892	509,130	603,421	704,499	812,760	928,618	1,052,512
Milestone From Gebro Holdings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Piclidonoson (CF-101), Rheumatoid Arthritis U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Piclidonoson (CF-101), Rheumatoid Arthritis EU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Piclidonoson (CF-101), Psoriasis U.S.	-	-	-	-	-	-	-	-	-	22,962	47,780	57,995	68,958	80,712	93,303	106,779
Royalty Rate from Global Partnership	-	-	-	25%	25%	25%	25%	25%	25%	39%	17%	18%	19%	19%	20%	20%
Piclidonoson (CF-101), Psoriasis EU	-	-	-	-	-	-	-	-	-	22,962	47,780	57,995	68,958	80,712	93,303	106,779
Royalty Rate from Global Partnership	-	-	-	25%	25%	25%	25%	25%	25%	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%	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%	25%	25%	25%	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%	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%	25%	25%	25%	25%	25%	25%	25%
<b>Total royalties, collaborative revenue</b>	-	-	-	-	-	-	-	-	-	71,004	179,512	248,078	325,325	381,287	421,423	464,180
<b>Total Revenue</b>	2,032	763	853	205	-	-	-	205	-	71,004	179,512	248,078	325,325	381,287	421,423	464,180
<b>Expenses:</b>																
Partnership Costs including COGS	-	-	-	-	-	-	-	-	-	7,945	25,457	30,171	35,225	40,638	46,431	52,626
%COGS	-	-	-	-	0%	0%	0%	0%	5%	5%	5%	5%	5%	5%	5%	5%
Research and Development	10,976	11,951	9,850	1,821	2,411	2,612	2,713	10,047	10,248	10,453	10,662	10,875	11,093	11,315	11,541	11,772
%R&D																
General and Administrative	3,059	2,951	3,845	754	1,920	2,080	2,160	8,000	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885
%SG&A																
<b>Total Expenses</b>	14,035	14,902	13,695	2,575	4,331	4,692	4,873	18,047	22,248	30,997	49,348	54,938	60,904	67,268	74,053	81,282
Operating Income (Loss)	(12,003)	(14,139)	(12,842)	(2,370)	(4,331)	(4,692)	(4,873)	(17,842)	(22,248)	40,007	130,163	193,140	264,421	314,019	347,370	382,897
Finance expenses	693	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance income	3,109	(304)	227	(64)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Income</b>	2,416	(304)	227	(64)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Pretax Income</b>	(9,587)	(13,835)	(12,615)	(2,434)	(4,331)	(4,692)	(4,873)	(17,842)	(22,248)	40,007	130,163	193,140	264,421	314,019	347,370	382,897
Taxes on income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments arising from translating financial statements of foreign operations	-	(715)	(2,590)	-	-	-	-	-	-	2,000	10,413	23,177	66,105	94,206	111,158	130,185
Remeasurement loss from defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Tax Rate</b>										5%	8%	12%	25%	30%	32%	34%
<b>GAAP Net Income (Loss)</b>	(9,587)	(14,443)	(12,615)	(2,434)	(4,331)	(4,692)	(4,873)	(17,842)	(22,248)	40,007	130,163	193,140	264,421	314,019	347,370	382,897
<b>Total comprehensive loss</b>	(9,587)	(15,158)	(15,205)	(2,434)	(4,331)	(4,692)	(4,873)	(17,842)	(22,248)	42,007	119,750	169,964	198,316	219,814	236,212	252,712
<b>GAAP-EPS</b>	(1.77)	(1.02)	(0.58)	(0.09)	(0.09)	(0.09)	(0.10)	(0.37)	(0.44)	0.79	2.57	3.80	5.18	6.12	6.75	7.41
GAAP-EPS (Dil)	(1.35)	(0.48)	(0.33)	(0.03)	(0.05)	(0.06)	(0.06)	(0.22)	(0.28)	0.50	1.61	2.37	3.23	3.83	4.22	4.63
Wgtd Avg ADR Shrs (Bas) - '000s	5,833	17,191	21,416	27,191	50,050	50,100	50,150	44,373	50,276	50,477	50,679	50,882	51,086	51,291	51,496	51,703
Wgtd Avg ADR Shrs (Dil) - '000s	8,910	29,866	38,014	80,000	80,080	80,160	80,240	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.

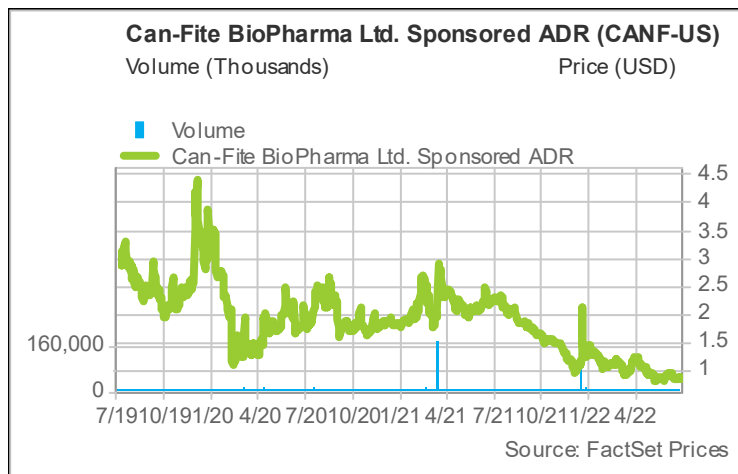
**Partnership risk.** Can-Fite may seek partnerships for clinical development support and commercialization. We have no specific knowledge of any discussions with possible partners today, and there can be no assurances that the Company will be able to secure a favorable partnership.

**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.

**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  
Update – Buy – April 29, 2021 – Price Target \$5  
Update – Buy – May 27, 2021 – Price Target \$5  
Update – Buy – June 4, 2021 – Price Target \$5  
Update – Buy – July 8, 2021 – Price Target \$5  
Update – Buy – August 27, 2021 – Price Target \$5  
Update – Buy – December 7, 2021 – Price Target \$5  
Update – Buy – December 20, 2021 – Price Target \$5  
Update – Buy – January 5, 2022 – Price Target \$5  
Update – Buy – January 31, 2022 – Price Target \$5  
Update – Buy – March 8, 2022 – Price Target \$5  
Update – Buy – March 25, 2022 – Price Target \$5  
Update – Buy – May 26, 2022 – Price Target \$5  
Update – Buy – June 29, 2022 – 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;
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Current as of 16-Jun-22

	<b>Company Coverage</b>		<b>Investment Banking</b>	
<b>Ratings Distribution</b>	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	31	72%	4	13%
Market Perform (Neutral)	12	28%	0	0%
Market Underperform (Sell)	0	0%	0	0%
<b>Total</b>	<b>43</b>	<b>100%</b>	<b>4</b>	<b>9%</b>

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