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Toll-Free: 866-928-0928 ♦ www.DawsonJames.com ♦ 101 North Federal Highway - Suite 600 ♦ Boca Raton, FL 33432

Can-Fite BioPharma Ltd. (NYSE/CANF)

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Jason Kolbert

Managing Director & Senior Analyst

jkolbert@dawsonjames.com

BUY-Rated: Namodenoson Approved for Compassionate Use Romania for HCC

Can-Fite announced that Namodenoson has been approved for compassionate use for the treatment of patients with advanced liver cancer in Romania. Namodenoson was previously approved for compassionate use in Israel, where advanced liver cancer patients have been treated for several years.

Investment Highlights

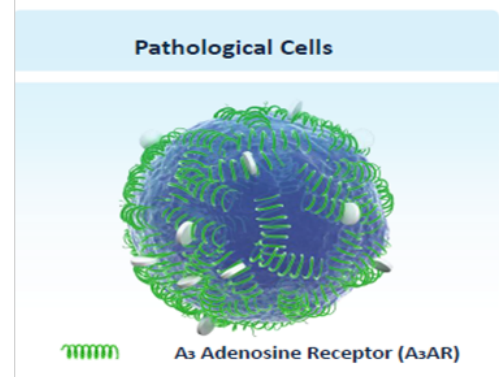
What's Next? Can-Fite's pivotal Phase III study in patients with advanced liver cancer is open for patient enrolment and intends to recruit patients in Israel, the U.S., and five countries in Europe. This pivotal study received a 'green light' to proceed from the FDA and the European Medicines Agency (EMA), and if successfully concluded, the company will be in a position to submit the drug for approval with each of the regulatory authorities. Namodenoson has Orphan Drug Status with both the FDA and EMA and Fast Track Status with the FDA. A registration plan has been submitted to and accepted by the FDA.

It's all about A₃AR. The Adenosine Receptor appears to be an ideal target for drug development. It is overexpressed on both inflammatory cells and cancer cells but has a low expression on normal cells. The differential expression levels make it an ideal target for drug development in these conditions. Can-Fite's A₃AR lead drugs, Piclidenoson (CF-101) and Namodenoson (CF-102) modulate key signaling proteins that subsequently induce cell death and a reduction of inflammatory cytokines. Importantly, the A₃AR protein serves as a biomarker. Patients can be screened for A₃AR expression to determine which patients are likely to respond to treatment with Piclidenoson or Namodenoson. Can-Fite is developing drugs targeting A₃AR for several indications including rheumatoid arthritis (RA, CF101), plaque psoriasis (CF101), liver cancer (CF102), NAFLD/NASH (non-alcohol steatohepatitis, CF102) and erectile dysfunction (CF602).

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.

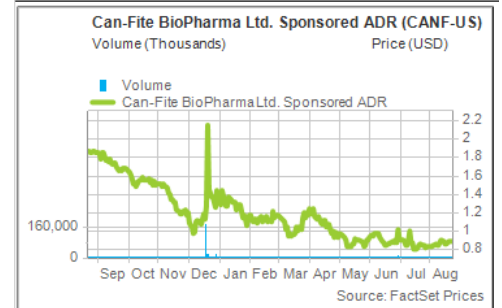
Risks to our thesis include the following: (1) commercial; (2) regulatory; (3) clinical; (4) manufacturing; (5) financial; (6) liability; and (7) intellectual property.

| | |
|---------------|--------|
| Current Price | \$0.89 |
| Price Target | \$5.00 |



Source: Can-Fite

| Stock Data | | | |
|---|-------------|---|--------|
| 52-Week Range | \$0.78 | - | \$2.60 |
| Shares Outstanding (mil.) | 27.2 | | |
| Market Capitalization (mil.) | \$24.2 | | |
| Enterprise Value (mil.) | \$10.7 | | |
| Debt to Capital | 0.0% | | |
| Book Value/Share | \$4.52 | | |
| Price/Book | 2.4 | | |
| Average Three Months Trading Volume (M) | 0.0 | | |
| Insider Ownership | 0.1% | | |
| Institutional Ownership | 2.2% | | |
| Short interest (mil.) | 2.2% | | |
| Dividend / Yield | \$0.00/0.0% | | |



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 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 2% year-on-year increases for Piclidenoson in Psoriasis, and the target population is assumed to be high A₃AR expressers.
4. A probability success factor of 50% to our models for Psoriasis.
5. We 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. Product Market Models

| 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 | 7,000,695 | 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 | 960,890 | 980,007 | 999,699 | 1,019,693 | 1,040,087 |
| Market Penetration | | | | | | | 0.0% | 3.0% | 6.0% | 7.0% | 8.0% | 9.0% | 10.0% |
| Patients receiving CF101 | | | | | | | 27,707 | 56,522 | 67,262 | 78,408 | 89,973 | 101,969 | 114,410 |
| Annual cost of treatment | | | | | \$ 5,000 | \$ 5,100 | \$ 5,200 | \$ 5,300 | \$ 5,400 | \$ 5,500 | \$ 5,600 | \$ 5,700 | \$ 5,800 |
| Increase in Price | | | | | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% |
| Revenue ('000) | | | | | \$ - | \$ - | \$ - | \$ 141,306 | \$ 294,029 | \$ 356,893 | \$ 424,356 | \$ 496,687 | \$ 574,170 |
| Probability of Success | | | | | 65% | 65% | 65% | 65% | 65% | 65% | 65% | 65% | 65% |
| Total Revenue ('000) | | | | | \$ - | \$ - | \$ - | \$ 91,849 | \$ 191,119 | \$ 231,980 | \$ 275,831 | \$ 322,846 | \$ 373,211 |

| Piclidenoson - CF101 (EU) | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Psoriasis incidence | 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% |
| 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 | 1,952,289 | 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 | 1,576,678 | 1,608,212 | 1,640,376 | 1,673,184 |
| Market Penetration | | | | | | | 0.0% | 2.0% | 5.0% | 10.0% | 11.0% | 12.0% | 14.0% |
| Patients receiving CF101 | | | | | | | 29,715 | 136,991 | 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 | \$ 3,516 |
| Increase in Price | | | | | 2% | 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 | | | | | 65% | 65% | 65% | 65% | 65% | 65% | 65% | 65% | 65% |
| Total Revenue ('000) | | | | | \$ - | \$ - | \$ 59,103 | \$ 276,707 | \$ 319,873 | \$ 366,076 | \$ 415,489 | \$ 468,298 | \$ 524,696 |

| Namodenoson - CF102 (US) | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|--|--------|--------|--------|--------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|
| Hepatocellular Carcinoma incidence | 42,335 | 43,202 | 44,066 | 44,947 | 45,846 | 46,763 | 47,699 | 48,652 | 49,622 | 50,616 | 51,634 | 52,683 | 53,771 |
| 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 CHCC (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% | 1.0% | 5.0% | 6.0% | 7.0% | 8.0% | 10.0% |
| Patients receiving CF101 | | | | | | | 305 | 1,557 | 1,908 | 2,263 | 2,643 | 3,033 | 3,436 |
| Price of treatment | | | | | \$ 50,000 | \$ 51,000 | \$ 52,000 | \$ 53,000 | \$ 54,122 | \$ 55,204 | \$ 56,308 | \$ 57,434 | \$ 58,583 |
| Increase in Price | | | | | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% |
| Revenue ('000) | | | | | \$ - | \$ - | \$ 15,880 | \$ 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) | | | | | \$ - | \$ - | \$ 7,340 | \$ 41,304 | \$ 51,567 | \$ 62,532 | \$ 74,424 | \$ 87,110 | \$ 100,639 |

| 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 CHCC (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% | 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 |

| NAFLD/NASH - 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 |

| NAFLD/NASH - CF102 (EU-S) | 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 | 67,854 | 103,511 | 140,775 | 143,590 | 146,462 | 149,346 |
| 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 | \$ 3,047,684 | \$ 3,170,707 | \$ 3,298,803 | \$ 3,432,007 |
| 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 estimates, company reports

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 |
| Revenue: | 2,032 | 763 | 853 | 205 | - | - | - | - | - | - | - | - | - | - | - | - |
| Piclidensoson (CF-101), Rheumatoid Arthritis U.S. | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Piclidensoson (CF-101), Rheumatoid Arthritis EU | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Piclidensoson (CF-101), Psoriasis U.S. | - | - | - | - | - | - | - | - | - | 91,849 | 191,119 | 231,980 | 275,831 | 322,846 | 373,211 | 427,117 |
| Piclidensoson (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 |
| Total Product Sales | 2,032 | 763 | 853 | 205 | - | - | - | - | - | 158,892 | 509,130 | 603,421 | 704,499 | 812,760 | 928,618 | 1,052,512 |
| Milestone From Gebro Holdings | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 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. | - | - | - | - | - | - | - | - | - | 22,962 | 47,780 | 57,995 | 68,958 | 80,712 | 93,303 | 106,779 |
| Royalty Rate from Global Partnership | - | - | - | 25% | 25% | 25% | 25% | - | - | 39% | 17% | 18% | 19% | 19% | 20% | 20% |
| Piclidensoson (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% | - | - | 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% |
| 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% | 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% |
| 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% |
| Total royalties, collaborative revenue | - | - | - | - | - | - | - | - | - | 71,004 | 179,512 | 248,078 | 325,325 | 381,287 | 421,423 | 464,180 |
| Total Revenue | 2,032 | 763 | 853 | 205 | - | - | - | 205 | - | 71,004 | 179,512 | 248,078 | 325,325 | 381,287 | 421,423 | 464,180 |
| Expenses: | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | | | | |
| Total Expenses | 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) | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Income | 2,416 | (304) | 227 | (64) | - | - | - | - | - | - | - | - | - | - | - | - |
| Pretax Income | (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 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Tax Rate | | | | | | | | | | 5% | 8% | 12% | 25% | 30% | 32% | 34% |
| GAAP Net Income (Loss) | (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 |
| Total comprehensive loss | (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 |
| GAAP-EPS | (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.

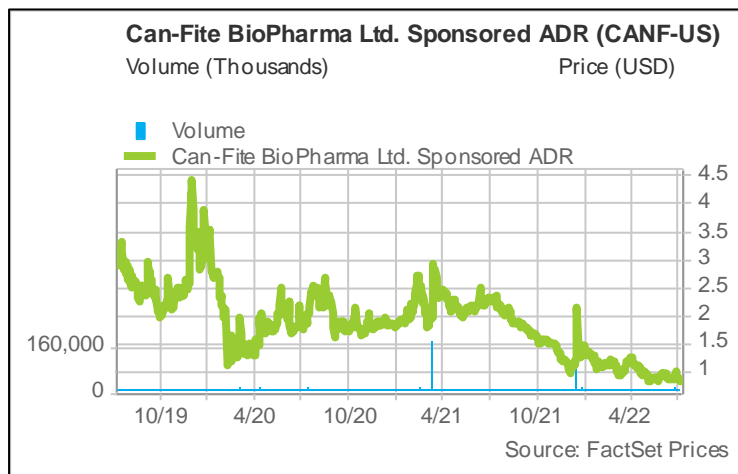
Partnership risk. Can-Fite may seek partnerships for clinical development support and commercialization. We have no specific knowledge of any discussions with possible partners today, and there can be no assurances that the Company will be able to secure a favorable partnership.

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
Update – Buy – July 11, 2022 – Price Target \$5
Update – Buy – August 22, 2022 – Price Target \$5
Update – Buy – August 23, 2022 – Price Target \$5

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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.

Current as of 16-Aug-22

| | Company Coverage | | Investment Banking | |
|-----------------------------|-------------------------|------------|---------------------------|-------------|
| Ratings Distribution | # of Companies | % of Total | # of Companies | % of Totals |
| Market Outperform (Buy) | 27 | 90% | 4 | 15% |
| Market Perform (Neutral) | 2 | 7% | 0 | 0% |
| Market Underperform (Sell) | 1 | 3% | 0 | 0% |
| Total | 30 | 100% | 4 | 13% |

Analyst Certification:

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