

Can-Fite BioPharma Ltd. (NYSE/CANF)

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BUY-Rated: Third Quarter Results - \$10.8M in Cash

Can-Fite announced third quarter 2022 results. The company reported a net loss of \$2.5M and closed the period with \$10.8M in cash. Management highlighted multiple accomplishments including Namodenoson at AASLD, compassionate use study in Romania. New psoriasis data from the Comfort trial demonstrated safety & efficacy.

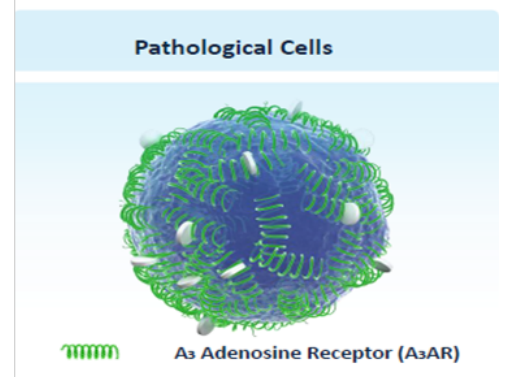
Quarter's Highlights (press release):

- **Complete Clearance of Cancer in a Patient Treated with Namodenoson was Presented at the AASLD Liver Meeting** – A poster titled “Complete Response Induced by Namodenoson, an A3 Adenosine Receptor Agonist, in a Patient with Advanced Hepatocellular Carcinoma” was presented at the American Association for the Study of Liver Diseases (AASLD).
- **Namodenoson Approved for Compassionate Use in Romania to Treat Liver Cancer; Phase III Pivotal Global Study Open for Enrolment** – Romania became the second country to approve Namodenoson for compassionate use in patients with advanced liver cancer. Can-Fite’s global pivotal Phase III liver cancer study for Namodenoson is open for enrollment of approximately 450 patients diagnosed with HCC and underlying CPB7 who have not responded to other approved therapies.
- **New Psoriasis Data from Phase III COMFORT™ Trial Show Superior Safety & Improved Efficacy** – The latest findings on Piclidenoson, Can-Fite’s lead drug candidate, from its Phase III COMFORT trial were presented in September at the 31st European Academy of Dermatology and Venerology by Dr. Kim A. Papp, MD. A Pivotal Phase III Psoriasis Registration Study is Under Preparation for Submission to FDA & EMA.

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	\$0.87
Price Target	\$5.00



Source: Can-Fite

Stock Data			
52-Week Range	\$0.69	-	\$2.60
Shares Outstanding (mil.)	27.2		
Market Capitalization (mil.)	\$23.7		
Enterprise Value (mil.)	\$12.5		
Debt to Capital	0.0%		
Book Value/Share	\$4.52		
Price/Book	2.4		
Average Three Months Trading Volume (M)	0.1		
Insider Ownership	0.1%		
Institutional Ownership	2.2%		
Short interest (mil.)	1.4%		
Dividend / Yield	\$0.00/0.0%		

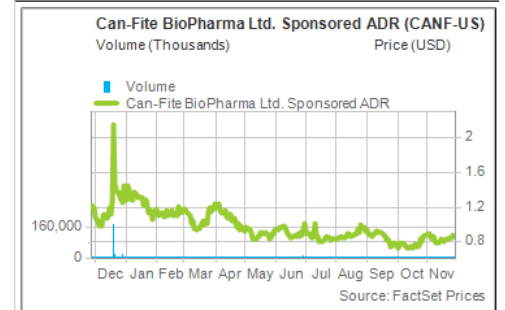


Exhibit 2. Income Statement

Can-Fite Biopharma.: Income Statement (\$'000)																
.. YE December 31	2019A	2020A	2021A	1Q22A	2Q22A	3Q22A	4Q22E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue:	2,032	763	853	205	204	204	200	813	-	-	-	-	-	-	-	-
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	204	204	200	813	-	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	204	204	-	613	-	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	1,452	2,036	1,000	6,309	6,435	6,564	6,695	6,829	6,966	7,105	7,247	7,392
%R&D																
General and Administrative	3,059	2,951	3,845	754	822	741	750	3,067	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	2,274	2,777	1,750	9,376	18,435	27,108	45,382	50,892	56,777	63,058	69,759	76,903
Operating Income (Loss)	(12,003)	(14,139)	(12,842)	(2,370)	(2,070)	(2,573)	(1,750)	(8,763)	(18,435)	43,896	134,130	197,187	268,549	318,229	351,664	387,277
Finance expenses	693	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance income	3,109	(304)	227	(64)	121	(84)	-	-	-	-	-	-	-	-	-	-
Total Other Income	2,416	(304)	227	(64)	121	(84)	-	-	-	-	-	-	-	-	-	-
Pretax Income	(9,587)	(13,835)	(12,615)	(2,434)	(2,191)	(2,529)	(1,750)	(8,763)	(18,435)	43,896	134,130	197,187	268,549	318,229	351,664	387,277
Taxes on income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments arising from translating financial statements of foreign operations	-	(715)	(2,590)	-	-	-	-	-	-	2,195	10,730	23,662	67,137	95,469	112,533	131,674
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)	(2,191)	(2,529)	(1,750)	(8,763)	(18,435)	43,896	134,130	197,187	268,549	318,229	351,664	387,277
Total comprehensive loss	(9,587)	(15,158)	(15,205)	(2,434)	(2,191)	(2,529)	(1,750)	(8,763)	(18,435)	46,090	123,400	173,524	201,411	222,760	239,132	255,603
GAAP-EPS	(1.77)	(1.02)	(0.58)	(0.09)	(0.05)	(0.06)	(0.04)	(0.25)	(0.45)	1.07	3.27	4.79	6.50	7.67	8.44	9.26
GAAP-EPS (Dil)	(1.35)	(0.48)	(0.33)	(0.03)	(0.03)	(0.03)	(0.02)	(0.11)	(0.23)	0.54	1.65	2.42	3.29	3.88	4.27	4.68
Wgt'd Avg ADR Shrs (Bas) - '000s	5,833	17,191	21,416	27,191	40,498	40,538	40,579	37,202	40,681	40,844	41,007	41,171	41,336	41,502	41,668	41,835
Wgt'd 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.

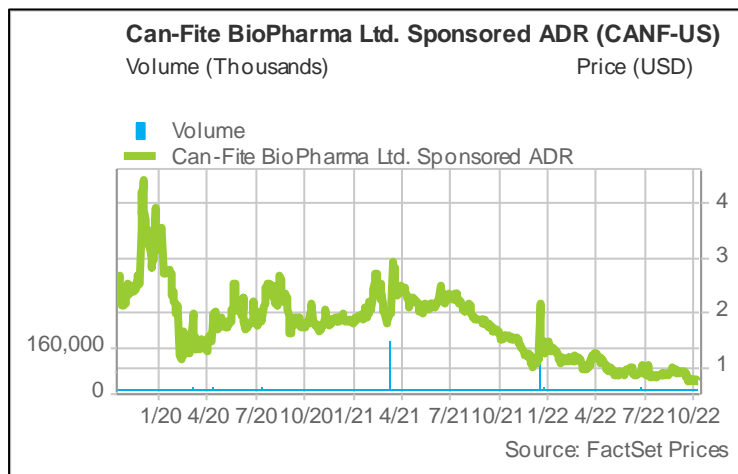
Partnership risk. Can-Fite may seek partnerships for clinical development support and commercialization. We have no specific knowledge of any discussions with possible partners today, and there can be no assurances that the Company will be able to secure a favorable partnership.

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
Update – Buy – September 1, 2022 – Price Target \$5
Update – Buy – September 12, 2022 – Price Target \$5
Update – Buy – September 21, 2022 – Price Target \$5
Update – Buy – October 14, 2022 – Price Target \$5
Update – Buy – October 25, 2022 – Price Target \$5
Update – Buy – November 29, 2022 – 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;
- 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 18-Nov-22

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	23	77%	2	9%
Market Perform (Neutral)	6	20%	1	17%
Market Underperform (Sell)	1	3%	0	0%
Total	30	100%	3	10%

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