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

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### Neutral: Effects 1:10 Reverse Stock Split & Raises \$7.5 Million

Can-Fite has now reversed the ADS shares 1:10, today one ADS share represents 300 ordinary shares. The company also announced a capital raise. The terms of the raise include a purchase price of \$5.50 per ADS, and two series of warrants (A & B) to purchase up to an aggregate of 1,363,637 ADSs. It's been our experience that post reverse split equities need time to recover the shareholder base. As such, for the moment, we remain neutral on the shares, however we are believers in the potential of both pipeline drugs.

### Investment Highlights:

**Can-Fite Raises Capital Post reverse Split:** The company at the end of the third quarter had \$10.8M in cash and equivalents. The current raise should help the company support operations through this year, a year filled with multiple catalysts.

**Piclidienoson Plan:** Can-Fite announced that the company has submitted registration plans for both the EMA and FDA. These plans include final efficacy and safety results from Can-Fite's COMFORT Phase III study and the protocol for the Company's upcoming pivotal trial together with a request for registration advice from the regulators. Current chemistry, manufacturing, and controls (CMC), nonclinical data, and human pharmacokinetic data are also included. Recall that Can-Fite reported topline results from the COMFORT study which met its primary endpoint, demonstrating a statistically significant improvement over placebo in psoriasis patients and an excellent safety profile for Piclidienoson. The data point towards a better safety profile for Piclidienoson as compared to Otezla, the leading oral therapy for psoriasis on the market today, as Otezla induced: 1) gastro-intestinal adverse events in 6% of patients compared with 1% in patients treated with placebo or Piclidienoson; and 2) 9.9% nervous system disorders in the Otezla vs. 0.7% in the Piclidienoson treated patients.

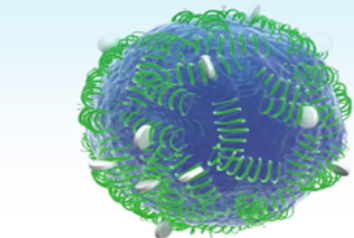
**Namodenoson:** Can-Fite has received agreement from both the U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) on its Phase III pivotal liver cancer study which is now open for enrollment. Namodenoson has Orphan Drug status with both the FDA and EMA, as well as Fast Track Status with the FDA for the treatment of HCC. The double-blind, placebo-controlled trial plans to enroll 450 patients diagnosed with HCC and underlying CPB7 through clinical sites worldwide. Patients will be randomized to oral treatment with either 25 mg Namodenoson or matching placebo given twice daily.

**Valuation.** We evaluate Piclidienoson 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. Once the ADR is adjusted we will revisit our target valuation.

**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	\$5.51
Price Target	NA

#### Pathological Cells



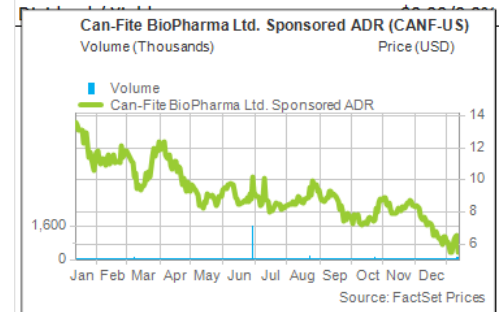
A<sub>3</sub> Adenosine Receptor (A<sub>3</sub>AR)

EBITDA/Share	(\$0.15)	(\$0.16)	(\$1.08)
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Source: Can-Fite

#### Stock Data

52-Week Range	\$5.40	-	\$13.65
Shares Outstanding (mil.)	2.7		
Market Capitalization (mil.)	\$15.0		
Enterprise Value (mil.)	\$4.9		
Debt to Capital	0.0%		
Book Value/Share	\$45.18		
Price/Book	2.4		
Average Three Months Trading Volume (M)	0.0		
Insider Ownership	#N/A		
Institutional Ownership	2.1%		
Short interest (mil.)	1.8%		



**Exhibit 1. Income Statement**

Can-Fite Biopharma.: Income Statement (\$'000)																
.. YE December 31	2019A	2020A	2021A	2022E	1Q23E	2Q23E	3Q23E	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<b>Revenue:</b>	2,032	763	853	813	-	-	-	-	-	-	-	-	-	-	-	-
Piclidensoson (CF-101), Rheumatoid Arthritis U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Piclidensoson (CF-101), Rheumatoid Arthritis EU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Piclidensoson (CF-101), Psoriasis U.S.	-	-	-	-	-	-	-	-	-	-	-	-	26,522	55,187	86,126	119,473
Piclidensoson (CF-101), Psoriasis EU	-	-	-	-	-	-	-	-	-	-	-	-	25,600	53,268	83,130	115,318
Namodenoson HCC U.S.	-	-	-	-	-	-	-	-	-	-	8,261	17,189	26,825	37,212	48,394	60,419
Namodenoson HCC EU	-	-	-	-	-	-	-	-	-	-	11,543	24,019	37,484	51,998	67,624	84,427
Namodenoson NASH/NAFLD U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Namodenoson NASH/NAFLD EU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Product Sales</b>	2,032	763	853	813	-	-	-	-	-	-	19,804	41,208	116,432	197,666	285,273	379,637
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.	-	-	-	-	-	-	-	-	-	-	-	-	6,631	13,797	21,531	29,868
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	-	-	26%	26%	26%	26%
Piclidensoson (CF-101), Psoriasis EU	-	-	-	-	-	-	-	-	-	-	-	-	6,631	13,797	21,531	29,868
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	-	-	26%	26%	26%	26%
Namodenoson HCC U.S.	-	-	-	-	-	-	-	-	-	-	2,065	4,297	6,706	9,303	12,099	15,105
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	25%	25%	25%	25%	25%	25%
Namodenoson HCC EU	-	-	-	-	-	-	-	-	-	-	2,886	6,005	10,121	14,040	18,258	22,795
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	25%	25%	27%	27%	27%	27%
Namodenoson NASH/NAFLD U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Namodenoson NASH/NAFLD EU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total royalties, collaborative revenue</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	2,032	763	853	813	-	-	-	-	-	-	4,951	10,302	30,088	50,936	73,420	97,637
<b>Expenses:</b>																
Partnership Costs including COGS	-	-	-	-	-	-	-	-	-	-	990	2,060	5,822	9,883	14,264	18,982
Research and Development	10,976	11,951	9,850	6,309	1,480	1,544	1,673	1,737	6,435	6,564	6,695	6,829	6,966	7,105	7,247	7,392
General and Administrative	3,059	2,951	3,845	3,067	2,760	2,880	3,120	3,240	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885
<b>Total Expenses</b>	14,035	14,902	13,695	9,376	4,240	4,424	4,793	4,977	18,435	19,164	20,915	22,781	27,373	32,304	37,592	43,259
Operating Income (Loss)	(12,003)	(14,139)	(12,842)	(8,763)	(4,240)	(4,424)	(4,793)	(4,977)	(18,435)	(19,164)	(15,964)	(12,479)	2,715	18,633	35,828	54,378
Finance expenses	693	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance income	3,109	(304)	227	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Income</b>	2,416	(304)	227	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Pretax Income</b>	(9,587)	(13,835)	(12,615)	(8,763)	(4,240)	(4,424)	(4,793)	(4,977)	(18,435)	(19,164)	(15,964)	(12,479)	2,715	18,633	35,828	54,378
Taxes on income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	(715)	(2,590)	-	-	-	-	-	-	(958)	(1,277)	-	136	1,863	5,732	13,594
Remeasurement loss from defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Rate	-	-	-	-	-	-	-	-	-	0%	0%	0%	5%	10%	16%	25%
<b>GAAP Net Income (Loss)</b>	(9,587)	(14,443)	(12,615)	(8,763)	(4,240)	(4,424)	(4,793)	(4,977)	(18,435)	(19,164)	(15,964)	(12,479)	2,579	16,769	30,095	40,783
<b>GAAP-EPS</b>	(1.77)	(1.02)	(0.58)	(0.25)	(1.14)	(1.19)	(1.29)	(1.33)	(4.95)	(5.12)	(4.25)	(3.31)	0.68	4.41	7.89	10.65
GAAP-EPS (Dil)	(1.35)	(0.48)	(0.33)	(0.11)	(0.71)	(0.74)	(0.80)	(0.83)	(3.07)	(3.18)	(2.64)	(2.05)	0.42	2.74	4.89	6.60
Wgtd Avg ADR Shrs (Bas) - '000s	5,833	17,191	21,416	37,202	3,719	3,723	3,726	3,730	3,725	3,740	3,754	3,770	3,785	3,800	3,815	3,830
Wgtd Avg ADR Shrs (Dil) - '000s	8,910	29,866	38,014	80,120	6,000	6,006	6,012	6,018	6,009	6,033	6,057	6,082	6,106	6,130	6,155	6,180

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.

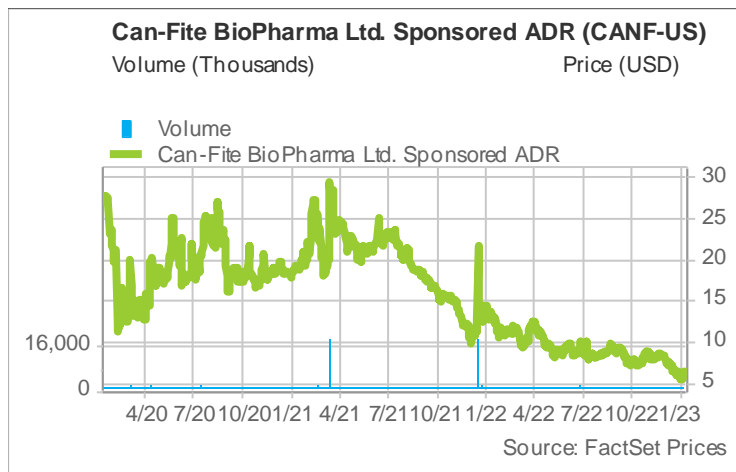
**Partnership risk.** Can-Fite may seek partnerships for clinical development support and commercialization. We have no specific knowledge of any discussions with possible partners today, and there can be no assurances that the Company will be able to secure a favorable partnership.

**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  
Price Target Change – Buy – December 12, 2022 – Price Target \$8  
Update – Buy – December 28, 2022 – Price Target \$8  
Rating Change – Buy to Neutral – January 3, 2023 – Price Target NA  
Update – Neutral – January 12, 2023 – Price Target NA

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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.

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Current as of 5-Jan-23

	<b>Company Coverage</b>		<b>Investment Banking</b>	
<b>Ratings Distribution</b>	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	22	71%	1	5%
Market Perform (Neutral)	8	26%	1	13%
Market Underperform (Sell)	1	3%	0	0%
<b>Total</b>	<b>31</b>	<b>100%</b>	<b>2</b>	<b>6%</b>

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