

Member FINRA/SIPC

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

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

April 10, 2023

Jason Kolbert

Managing Director & Senior Analyst

[jkolbert@dawsonjames.com](mailto:jkolbert@dawsonjames.com)

### Neutral: Piclidenoson Gets the Go-Ahead to Start PIII Trial

Can-Fite announced that it received a positive opinion from the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) with respect to the submission of a registration plan for a pivotal Phase III clinical trial for the treatment of moderate to severe psoriasis.

### Investment Highlights:

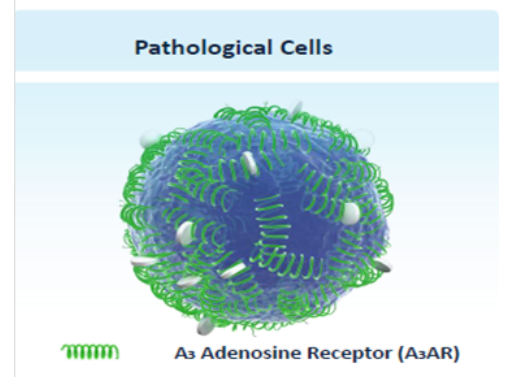
**Piclidenoson Plan:** Can-Fite announced that the company has submitted registration plans for both the EMA and FDA and received back from AMA the “go-ahead”. These plans include final efficacy and safety results from Can-Fite’s COMFORT Phase III study and the protocol for the Company’s upcoming pivotal 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 Piclidenoson. The data point towards a better safety profile for Piclidenoson 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 Piclidenoson; and 2) 9.9% nervous system disorders in the Otezla vs. 0.7% in the Piclidenoson treated patients.

**Namodenoson:** Can-Fite has received agreement from both the U.S. FDA and European Medicines Agency (EMA) on its 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 a matching placebo given twice daily.

**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.

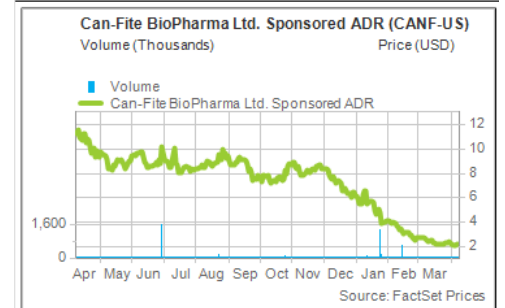
**Risks to our thesis include the following:** (1) commercial; (2) regulatory; (3) clinical; (4) manufacturing; (5) financial; (6) liability; and (7) intellectual property.

Current Price \$2.18  
Price Target NA



Source: Can-Fite

Stock Data			
52-Week Range	\$2.05	-	\$11.70
Shares Outstanding (mil.)	4.1		
Market Capitalization (mil.)	\$8.9		
Enterprise Value (mil.)	-\$4.2		
Debt to Capital	0.0%		
Book Value/Share	\$45.18		
Price/Book	2.4		
Average Three Months Trading Volume (M)	0.0		
Insider Ownership	-		
Institutional Ownership	1.3%		
Short interest (mil.)	1.3%		
Dividend / Yield	\$0.00/0.0%		



**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	-	-	-	-	-	-	-	-	-	-	-	-
Piclidenoson (CF-101), Rheumatoid Arthritis U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Piclidenoson (CF-101), Rheumatoid Arthritis EU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Piclidenoson (CF-101), Psoriasis U.S.	-	-	-	-	-	-	-	-	-	-	-	-	26,522	55,187	86,126	119,473
Piclidenoson (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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Piclidenoson (CF-101), Rheumatoid Arthritis U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Piclidenoson (CF-101), Rheumatoid Arthritis EU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Piclidenoson (CF-101), Psoriasis U.S.	-	-	-	-	-	-	-	-	-	-	-	-	6,631	13,797	21,531	29,868
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	-	-	26%	26%	26%	26%
Piclidenoson (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.

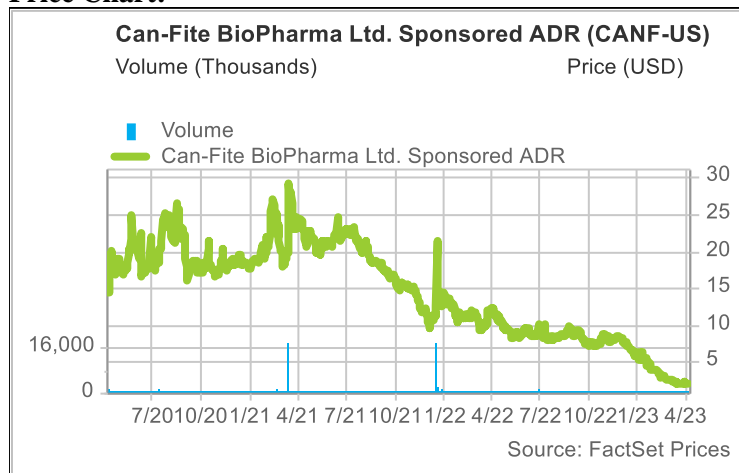
**Partnership risk.** Can-Fite may seek partnerships for clinical development support and commercialization. We have no specific knowledge of any discussions with possible partners today, and there can be no assurances that the Company will be able to secure a favorable partnership.

**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  
Update – Neutral – March 14, 2023 – Price Target NA  
Update – Neutral – April 10, 2023 – Price Target NA

Dawson James Securities, Inc. (the "Firm") is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Firm does not make a market in the securities of the subject Company (s). The Firm has NOT engaged in investment banking relationships with CANF in the prior twelve months, as a manager or co-manager of a public offering and has NOT received compensation resulting from those relationships. The Firm may seek compensation for investment banking services in the future from the subject Company (s). The Firm has not received other compensation from the subject Company (s) in the last 12 months for services unrelated to managing or co-managing of a public offering.

Neither the research analyst(s) whose name appears on this report nor any member of his (their) household is an officer, director or advisory board member of these companies. The Firm and/or its directors and employees may own securities of the Company (s) in this report and may increase or decrease holdings in the future. As of March 17, 2023, the Firm as a whole did not beneficially own 1% or more of any class of common equity securities of the subject company(s) of this report. The Firm, its officers, directors, analysts or

employees may affect transactions in and have long or short positions in the securities (or options or warrants related to those securities) of the Company (s) subject to this report. The Firm may affect transactions as principal or agent in those securities.

Analysts receive no direct compensation in connection with the Firm's investment banking business. All Firm employees, including the analyst(s) responsible for preparing this report, may be eligible to receive non-product or service-specific monetary bonus compensation that is based upon various factors, including total revenues of the Firm and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.

Although the statements in this report have been obtained from and are based upon recognized statistical services, issuer reports or communications, or other sources that the Firm believes to be reliable, we cannot guarantee their accuracy. All opinions and estimates included in this report constitute the analyst's judgment as of the date of this report and are subject to change without notice.

### **Information about risks can be found in the "RISK ANALYSIS" sections of this report.**

The securities of the Company discussed in this report may be unsuitable for investors depending on their specific investment objectives and financial position. This report is offered for informational purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such would be prohibited. Additional information is available upon request.

#### **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 17-Mar-23

	<b>Company Coverage</b>		<b>Investment Banking</b>	
<b>Ratings Distribution</b>	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	25	69%	1	3%
Market Perform (Neutral)	11	31%	2	6%
Market Underperform (Sell)	0	0%	0	0%
<b>Total</b>	<b>36</b>	<b>100%</b>	<b>3</b>	<b>9%</b>

#### **Analyst Certification:**

The analyst(s) whose name appears on this research report certifies that 1) all of the views expressed in this report accurately reflect his (their) personal views about any and all of the subject securities or issuers discussed; and 2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst in this research report; and 3) all Dawson James employees, including the analyst(s) responsible for preparing this research report, may be eligible to receive non-product or service specific monetary bonus compensation that is based upon various factors, including total revenues of Dawson James and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.