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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: Reports 2nd Quarter Results: \$9.6M in Cash

Can-Fite reported second-quarter results with a net loss of just \$1.6M and ended the period with \$9.6M in cash. The company's clinical pipeline continues to mature with Namodenoson in Liver Cancer and Piclidenoson in psoriasis.

Investment Highlights:

Clinical Progress (Press Release – adapted):

Namodenoson: Pivotal Phase III Advanced Liver Cancer Study continues its enrollment in patients with advanced hepatocellular carcinoma (HCC) and underlying Child Pugh B7 (CPB7) who have not responded to one or two other lines of therapy. The primary endpoint is overall survival. An interim analysis will be conducted by an Independent Data Monitoring Committee (IDMC) after 50% of the planned 450 patients are enrolled and treated.

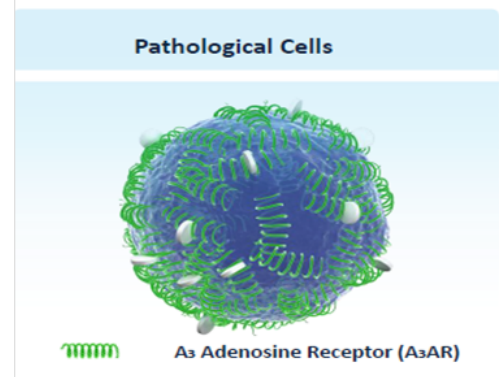
Namodenoson: Exploratory Phase II Pancreatic Cancer Study—Can-Fite is preparing an open-label Phase II exploratory trial to assess the safety and efficacy of Namodenoson in the treatment of patients with pancreatic cancer who have received at least one previous systemic therapy.

Piclidenoson: Preparatory Work for Pivotal Phase III Psoriasis Study; Can Fite Received a “Green Light” from FDA and EMA— Following positive responses from the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA) for its registration plan and pivotal Phase III study protocol for Piclidenoson in the treatment of moderate to severe psoriasis, the Company is preparing for study initiation. The FDA requested two Phase III studies and also encouraged the Company to enroll adolescent patients due to Piclidenoson’s strong safety profile demonstrated over its development history and prior clinical studies. Can-Fite has submitted to the FDA a pediatric plan to allow the registration of Piclidenoson for the treatment of adolescents. Inclusion of adolescents for the psoriasis Indication is expected to broaden the market.

Valuation. We evaluate Piclidenoson in Psoriasis, Namodenoson in HCC, and NAFLD, we do not include pancreatic cancer (yet). 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 FCFE, EPS, and sum-of-the-parts analysis. We use a projected fully diluted end-year share count and assume multiple raises which results in our model.

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	\$2.85
Price Target	\$6.00



Source: Can-Fite

Stock Data			
52-Week Range	\$1.52	-	\$9.69
Shares Outstanding (mil.)	4.1		
Market Capitalization (mil.)	\$11.6		
Enterprise Value (mil.)	-\$1.8		
Debt to Capital	0.0%		
Book Value/Share	\$45.18		
Price/Book	3.7		
Average Three Months Trading Volume (M)	0.0		
Insider Ownership	-		
Institutional Ownership	1.6%		
Short interest (mil.)	0.7%		
Dividend / Yield	\$0.00/0.0%		

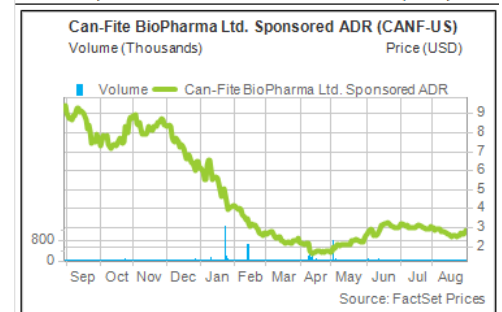


Exhibit 1. Income Statement

Can-Fite Biopharma.: Income Statement (\$'000)																
.. YE December 31	2019A	2020A	2021A	2022A	1Q23A	2Q23A	3Q23E	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue:	2,032	763	853	810	-	-	-	-	-	-	-	-	-	-	-	-
Piclidenoson (CF-101), Rheumatoid Arthritis U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Piclidenoson (CF-101), Rheumatoid Arthritis EU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Piclidenoson (CF-101), Psoriasis U.S.	-	-	-	-	-	-	-	-	-	-	-	-	53,044	110,375	172,251	238,947
Piclidenoson (CF-101), Psoriasis EU	-	-	-	-	-	-	-	-	-	-	-	-	51,199	106,536	166,260	230,635
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Product Sales	2,032	763	853	810	-	-	-	-	-	-	19,804	41,208	168,553	306,121	454,529	614,428
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.	-	-	-	-	-	-	-	-	-	-	-	-	13,261	27,594	43,063	59,737
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	-	-	26%	26%	26%	26%
Piclidenoson (CF-101), Psoriasis EU	-	-	-	-	-	-	-	-	-	-	-	-	13,261	27,594	43,063	59,737
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	6,485	10,121	14,040	18,258	22,795
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	25%	27%	27%	27%	27%	27%
Namodenoson NASH/NAFLD U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Namodenoson NASH/NAFLD EU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Royalty Rate from Global Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total royalties, collaborative revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	2,032	763	853	810	196	196	-	-	392	-	4,951	10,782	43,349	78,530	116,482	157,373
Expenses:																
Partnership Costs including COGS	-	-	-	-	-	-	-	-	-	-	990	2,060	8,428	15,306	22,726	30,721
Research and Development	10,976	11,951	9,850	7,763	2,061	1,356	2,059	2,138	7,918	8,077	8,238	8,403	8,571	8,742	8,917	9,096
General and Administrative	3,059	2,951	3,845	3,143	847	624	3,120	3,240	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885
Total Expenses	14,035	14,902	13,695	10,906	2,908	1,980	5,179	5,378	19,918	20,677	22,458	24,355	31,585	39,364	47,725	56,702
Operating Income (Loss)	(12,003)	(14,139)	(12,842)	(10,096)	(2,712)	(1,784)	(5,179)	(5,378)	(19,526)	(20,677)	(17,507)	(13,572)	11,765	39,166	68,758	100,671
Finance expenses	693	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance income	3,109	(304)	227	(77)	162	114	-	-	-	-	-	-	-	-	-	-
Total Other Income	2,416	(304)	227	(77)	162	114	-	-	-	-	-	-	-	-	-	-
Pretax Income	(9,587)	(13,835)	(12,615)	(10,173)	(2,550)	(1,670)	(5,179)	(5,378)	(19,526)	(20,677)	(17,507)	(13,572)	11,765	39,166	68,758	100,671
Taxes on income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	(715)	(2,590)	-	-	-	-	-	-	(1,034)	(1,401)	-	588	3,917	11,001	25,168
Remeasurement loss from defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Rate	-	-	-	-	-	-	-	-	-	0%	0%	0%	5%	10%	16%	25%
GAAP Net Income (Loss)	(9,587)	(14,443)	(12,615)	(10,173)	(2,550)	(1,670)	(5,179)	(5,378)	(19,526)	(20,677)	(17,507)	(13,572)	11,176	35,250	57,756	75,503
GAAP-EPS	(1.77)	(1.02)	(0.58)	(0.28)	(0.31)	(0.20)	(0.46)	(0.47)	(1.99)	(1.30)	(1.00)	(0.78)	0.64	2.00	3.26	4.25
GAAP-EPS (Dil)	(1.35)	(0.48)	(0.33)	(0.13)	(0.43)	(0.28)	(0.43)	(0.45)	(2.17)	(1.15)	(0.87)	(0.67)	0.55	1.73	2.83	3.68
Wgtd Avg ADR Shrs (Bas) - '000s	5,833	17,191	21,416	37,202	8,298	8,298	11,317	11,328	9,810	15,861	17,429	17,499	17,569	17,640	17,710	17,781
Wgtd Avg ADR Shrs (Dil) - '000s	8,910	29,866	38,014	80,120	6,000	6,000	12,018	12,030	9,012	18,026	20,090	20,171	20,251	20,333	20,414	20,496

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.

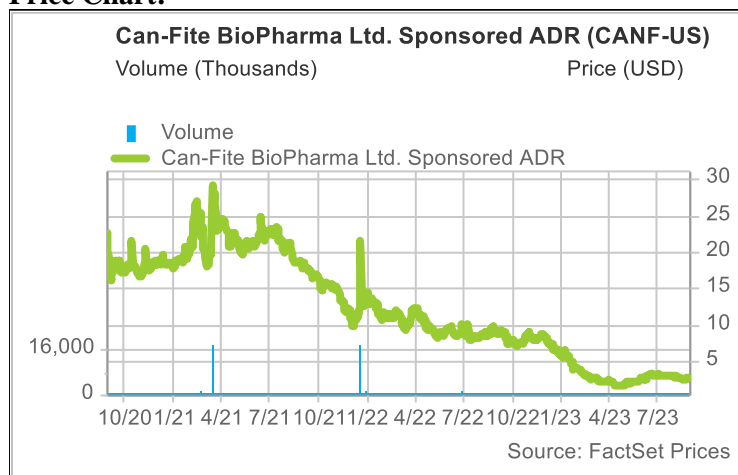
Partnership risk. Can-Fite may seek partnerships for clinical development support and commercialization. We have no specific knowledge of any discussions with possible partners today, and there can be no assurances that the Company will be able to secure a favorable partnership.

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:

- 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
Rating Change – Neutral to Buy – May 1, 2023 – Price Target \$6.0
Update – Buy – May 30, 2023 – Price Target \$6.0
Update – Buy – June 1, 2023 – Price Target \$6.0
Update – Buy – June 15, 2023 – Price Target \$6.0
Update – Buy – June 29, 2023 – Price Target \$6.0
Update – Buy – July 18, 2023 – Price Target \$6.0
Update – Buy – August 31, 2023 – Price Target \$6.0

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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 22-Aug-23

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	23	65.70%	3	8.60%
Market Perform (Neutral)	12	34.30%	3	8.60%
Market Underperform (Sell)	0	0%	0	0.00%
Total	35	100%	6	17.20%

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