

## Independent auditor's report on a reduction of the share capital by way of distributing controlling interests

To the Danish Business Authority and the shareholders of Allarity Therapeutics A/S, CVR no. 28106351

### Introduction

The Company's Management has appointed us impartial valuation experts pursuant to section 37(1) of the Danish Companies Act. We have prepared this valuation report pursuant to section 36(1) of the Danish Companies Act, see section 190 of the Act, for the purpose of issuing a report to the effect that the "assessed economic value" of the controlling interests is not lower than the agreed value, including the nominal value of the capital reduction by way of distributing controlling interests to the shareholders in Allarity Therapeutics A/S.

In this assurance engagement, the "assessed economic value" means the fair value or any lower value. The degree of assurance we express in this report is reasonable.

### Description of the distributed controlling interests

The capital reduction by way of distributing controlling interests comprises 98% of the shares in Allarity Therapeutics Inc.

Allarity Therapeutics Inc. was established on 16 April 2021. At the date of the capital reduction, the company will own all significant assets in the Allarity Group through its ownership of the shares in the below companies:

1. Oncology Venture Product Development ApS
2. OV-SPV2 ApS
3. Oncology Venture US Inc
4. Medical Prognosis Institute Inc

The main assets within the group are:

the Drug Response Predictor (DRP) biomarker "The DRP Platform" and the Pipeline Drugs:

- **The Drug Response Predictor (DRP)** technology is a companion diagnostics tool that has been broadly validated across therapies and tumor types. The DRP platform is instrumental in order to refine patient selection and improve clinical outcomes by matching the right patient to the right drug to improve the response rate.
- **Dovitinib**, a pan-tyrosine kinase inhibitor in development for the kidney cancer (renal cell carcinoma, RCC) market. Dovitinib is in-licensed from Novartis AG, who had completed a Phase 3 study in RCC. Allarity is planning to file an NDA submission with the US Food and Drug Administration (FDA) for approval based on "non-inferiority" against the already approved compound sorafenib, based on Novartis' Phase 3 trial results. The filing is targeted for 2021.
- **Stenoparib**, a dual poly-ADP-ribose-polymerase (PARP) and Tankurase inhibitor in phase 2 development for ovarian cancer. Stenoparib is in-licensed from Eisai, who had completed a Phase 1 study in a number of cancers, including ovarian and breast. The drug is

currently in Phase 2 testing for ovarian cancer with patients selected by the Stenoparib DRP.

- **Ixemptra**, a microtubelin inhibitor in Phase 2 development for the European market for metastatic breast cancer. Ixemptra was originally developed by Bristol-Myers Squibb (BMS) and was approved for treating metastatic breast cancer by the (FDA) in the US in 2007 but was not approved by The European Medicines Agency (EMA) for use in Europe. Allarity is now in-licensing Ixemptra from R-Pharm, who bought the drug from BMS in 2015, and currently markets the approved US drug under the name "Ixabepilone". Ixemptra is currently in a DRP-guided Phase 2 clinical trial for evaluation of treatment of third-line metastatic breast cancer, with numerous trial sites planned in Europe.

Assumptions applied:

The following legal steps will have been completed before the capital decreases are carried out:

1. Allarity Therapeutics A/S contributes its business including its DRP platform, patents and employees to its 100% owned subsidiary Oncology Venture Product Development ApS.
2. Allarity Therapeutics A/S contributes its assets, mainly in form of shares in subsidiaries, into Acquisition Sub. Inc. against newly issued shares in Allarity Therapeutics Inc.

#### Procedures performed when assessing the controlling interests

Management has determined the value of the controlling interests to the closing market value of Allarity Therapeutics A/S on 19 November 2021 as Allarity Therapeutics Inc., as mentioned above, will own all significant assets in the Group which are expected to be listed on Nasdaq in the USA at the time of the capital reduction.

At close of the stock exchange, the shareprice was SEK 2.86 and applying an exchange rate of 0.737110, such equals DKK 2.11 per share

#### Assessed value for the capital reduction

In connection with the proposed capital reduction, the Company's shareholders will receive shares at a determined value of DKK 850,246 thousand.

They are allocated as follows:

Reduction no. 1:	11,873,736 nominal at a price of DKK 42.11, totalling DKK 500.041k
Reduction no. 2:	989,478 nominal at a price of 42.11, totalling DKK 41.670k
Reduction no. 3:	989,478 nominal at a price of 42.11, totalling DKK 41.670k
Reduction no. 4:	989,478 nominal at a price of 42.11, totalling DKK 41.670k
Reduction no. 5:	989,478 nominal at a price of 42.11, totalling DKK 41.670k
Reduction no. 6:	989,478 nominal at a price of 42.11, totalling DKK 41.670k
Reduction no. 7:	989,478 nominal at a price of 42.11, totalling DKK 41.670k
Reduction no. 8:	989,478 nominal at a price of 42.11, totalling DKK 41.670k
Reduction no. 9:	989,478 nominal at a price of 42.11, totalling DKK 41.670k

The Board of Directors has determined the fair value of the capital reduction using the market price at 19 November 2021. The Board of Directors has assessed that the current price of the Company's shares represents the fair value.

The valuation at fair value (market price) is mainly based on earnings forecasts, expectations relating to development costs and timing of product launch, and they base on subjective expectations and estimates. There is therefore an inherent risk that not all assumptions will be met and that unforeseen events will occur that may result in variances from expectations. This may lead to significant changes to the values determined.

### Management's responsibilities

The Company's Management is responsible for the proposed capital reduction corresponding to at least the determined value of the controlling interests to be distributed.

### Auditor's responsibilities

It is our responsibility, based on the examinations made to express a conclusion as to whether the proposed capital reduction is not lower than the assessed value of the controlling interests to be distributed, see section 36(1) of the Danish Companies Act.

We performed our work in accordance with ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and additional requirements under Danish audit regulation to obtain reasonable assurance for our conclusion.

EY Godkendt Revisionspartnerselskab is subject to the International Standard on Quality Control, ISQC 1, and thus uses a comprehensive quality control system, documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable requirements of Danish law and other regulations.

We complied with independence requirements and other ethical standards under FSR - Danish Auditors' Code of Ethics for Professional Accountants, which rely on general principles regarding integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

We have assessed whether the valuation method used by Management is appropriate and in accordance with generally accepted valuation principles and whether the significant assumptions provide a reasonable basis for the valuation. We have tested whether the valuation has been prepared based on this method and these assumptions, and we have tested the data applied and calculations made.


Moreover, our assessments are based on examinations of the controlling interests distributed in connection with the capital reduction.

We believe that our work provides a reasonable basis for our conclusion.

### Conclusion

We believe that the proposed capital reduction of DKK 833.401 thousand corresponds to at least the assessed value of the controlling interests to be distributed.

Frederiksberg, 22 November 2021  
EY Godkendt Revisionspartnerselskab  
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