Press release

Allarity Therapeutics plans fully guaranteed rights issue of approximately SEK 100 million

- Proceeds will finance further development of three high-priority programs
- Rights Issue is fully covered by subscription undertakings and guarantee commitments
- The Company will discontinue the use of convertible notes

Hørsholm, Denmark (23 March 2021) Allarity Therapeutics A/S ("Allarity" or the "Company") today announced that its Board of Directors has initiated a process to carry out a fully secured rights issue of units, consisting of new shares and warrants with pre-emptive subscription rights for the Company's existing shareholders (the "Rights Issue"). Upon full subscription in the Rights Issue, the Company will initially receive gross proceeds of approximately SEK 100 million. In the event that all warrants are exercised, the Company will receive additional gross proceeds of approximately SEK 200 million. The proceeds from the Rights Issue will strengthen the Company's financial position and enable it to continue executing its strategy focused on the Company's three high-priority programs. The Board of Directors also announces that it intends to convene the Annual General Meeting on 15 April 2021 in order to secure shareholder approval of the necessary authorizations to the Board of Directors for the proposed Rights Issue. Notice of the Annual General Meeting will be published through a separate press release.

Summary of the proposed Rights Issue

- The Rights Issue is subject to and will require shareholder approval to authorize the Board of Directors to resolve and implement the necessary changes to the Company's Articles of Association, including the necessary authorizations to increase the share capital.
- The Company has obtained a combination of subscription undertakings and guarantee commitments amounting to in aggregate approximately SEK 101 million, corresponding to approximately 100 percent of the Rights Issue, including undertakings from the Company's largest shareholder.
- Provided that the shareholders approve the necessary authorizations, the Board of Directors intends to resolve and finally approve the Rights Issue on or around 16 April 2021.
- The proceeds from the Rights Issue will strengthen the Company's financial position and enable it to continue executing its strategy focused on the Company's three high-priority programs.
- Each share held in the Company on the record date 7 May 2021 will entitle the shareholder to subscription of one (1) Unit Right. Two (2) Unit Rights confers the right to subscribe one (1) Unit.
- One (1) Unit consists of one (1) newly issued share and one (1) warrant (series TO 3) in the Company. The Rights Issue consists of a maximum of 119,520,759 Units.
- The subscription price per Unit is SEK 0.85.

- Each warrant issued in the Rights Issue is intended to confer the right to subscribe for one (1) share against cash payment of SEK 1.70. The warrants may be exercised in a period of up to 24 months following the Rights Issue.
- Proceeds from the Rights Issue will be approximately SEK 100 million before costs. The costs are estimated to approximately SEK 6 million excluding fees to underwriters. The underwriters' fees are estimated to be approximately SEK 10 million. All fees will be paid in Units.
- If all warrants issued in connection with the Rights Issue are exercised, the Company will receive an additional amount of approximately SEK 200 million.

Allarity's CEO, Steve Carchedi, stated, *"Allarity is now at a stage where we are fully focused on delivering clinical and commercial progress of our three high-priority projects, and the potential value inflection points for all of these projects may soon start to appear on our horizon, within this year and the next. This situation creates the right moment for our Company to present a highly competitive investment case to both our current and new shareholders."*

Leon Sass, CEO of Sass & Larsen ApS, the Company's largest shareholder, noted, *"I am pleased to observe the progress the Company has made since the end of 2019, including the work toward possible COVID-19 treatment. Based on this performance, I am excited about the future and continuing to support the Company on its path to revolutionize cancer treatments for the benefit of patients across the world."*

Background and reasons for the proposed Rights Issue

Allarity Therapeutics is a leading clinical-stage cancer therapeutics company realizing the promise of personalized cancer care by advancing three priority drug programs, dovitinib, stenoparib, and IXEMPRA® together with their DRP® companion diagnostics.

The Company expects to file its first New Drug Application (NDA) for dovitinib with the U.S. FDA within 2021, thereby initiating the final phase of preparations before a potential U.S. market approval. The company has previously received feedback from a pre-NDA meeting with the FDA, regarding possible approval for dovitinib used to treat renal cell carcinoma (RCC). In parallel, the Company is working on submitting a Pre-Market Approval (PMA) application with the U.S. FDA for use of the DRP® companion diagnostic for dovitinib. FDA approval of this NDA and PMA would be the first time a DRP® + drug combination has reached the cancer market, and would be a milestone for event for the Company and its DRP® platform technology. Allarity holds global, exclusive rights to dovitinib.

Secondly, the Company is currently conducting a DRP®-guided Phase 2 clinical trial to evaluate IXEMPRA® for the treatment of third-line metastatic breast cancer. The Company's protocol plans for an enrollment target of 60 IXEMPRA® DRP®-selected patients. Numerous trial sites are planned in Europe, including Belgium, England, Denmark, Finland, Poland and Germany. By using DRP® for patient selection, Allarity aims to provide a superior clinical benefit to patients receiving IXEMPRA®, as compared to historical clinical data from breast cancer patients treated with IXEMPRA® but not selected with DRP®. Allarity holds exclusive European option rights to IXEMPRA®, which is already approved by the FDA for the treatment of metastatic breast cancer and is currently marketed by R-PHARM U.S.

Thirdly, the Company is currently advancing a Phase 2 trial of stenoparib for the treatment of advanced ovarian cancer at the Dana-Farber Cancer Institute (Boston, MA U.S.A.) using a DRP® companion diagnostic to guide patient enrollment and improve therapeutic outcome. In addition, stenoparib has

shown in vitro anti-viral activity against Coronavirus in pre-clinical studies and is now further being pre-clinical tested for its anti-viral properties against the British and South African variants of Coronavirus.

Oncology drug development requires capital, and the Company operates within a range of scenarios of how the Company may be funding its journey towards commercialization in the years ahead, beyond the capitalization plans published in this announcement. Such options include commercial partnering possibilities, listing on an exchange in the US, as many of the Company's peers are listed on Nasdaq in the US, and on an ongoing basis applying for non-dilutive government funding.

That being said, given the advanced stage of all three high-priority programs, the Company has now reached a stage in its evolution where a significant capital raise is prudent.

Use of Issue Proceeds

The Rights Issue is expected to provide a substantial improvement in the Company's financial position and to enable the further advancement of its three high-priority programs: IXEMPRA®, dovitinib, and stenoparib, by rendering proceeds of approximately SEK 100 million before transaction costs.

Given the Company's planned roadmap, it expects the net proceeds from the Rights Issue, together with existing liquidity and estimated future cash flows, to be sufficient to fund the Company until 1 February 2022 or possibly longer.

The estimation is based on assumptions about future costs of filing expenses of a New Drug Application and of maintaining two Phase 2 clinical trials in accordance with the Company's expectations. Deviations from said assumptions with regards to cost levels and timing could have an effect on the Company's financial position, including the runway the Rights Issue will provide for the company.

In the event that all warrants of this new series TO 3 are exercised for subscription of shares, the Company will receive additional issue proceeds of a maximum of approximately SEK 200 million before issue costs. The additional net proceeds from warrant series TO 3 are intended to be used to further strengthen the Company's priority programs as noted in Use of Issue Proceeds above.

The Company will discontinue the use of convertible notes as a source of financing of its operations. The Company will meet its short-term financial obligations, until the Rights Issue has been completed, by utilizing a bridge-loan financing facility of SEK 25 million from investors participating in the underwriting consortium, which will be repaid with proceeds from the Rights Issue.

Terms and additional information about the Rights Issue

According to the proposed terms, the right to subscribe for Units with pre-emptive rights shall vest with those who on the record date of 7 May 2021 are registered as shareholders in the Company, whereby holding one (1) existing share in the Company entitles the shareholder to one (1) Unit Right. Two Unit Rights will entitle to subscription of one (1) Unit. One (1) Unit consists of one (1) newly issued share and one (1) warrant (series TO 3) in the Company.

The Units are issued at a subscription price of SEK 0.85 per Unit. In total, a maximum of 119,520,759 Units will be issued through the Rights Issue, corresponding to an amount of approximately SEK 100 million before transaction costs related to the Rights Issue.

The subscription period is expected to commence on 11 May 2021 and end on 21 May 2021, with a right for the Board of Directors to prolong the subscription period.

Subscription for Units without subscription rights will take place during the same time period, and in the event not all Units are subscribed for by use of subscription rights in accordance with the above, the Board of Directors shall, within the limit of the maximum amount of the Rights Issue, decide on allotment of Units subscribed for without subscription rights. First, such allotment shall be made to those who have subscribed for Units with subscription rights, regardless of whether they were shareholders on the record date or not, pro rata in relation to the number of Units subscribed for through exercise of subscription rights and, insofar this cannot be done, by drawing lots. Secondly, allotment shall be made to those who have subscribed for Units without subscription rights, pro rata in relation to the number of Units subscribed for and, insofar this cannot be done, by drawing lots. Thirdly, allotment shall be made to those who have entered into so-called top guarantee undertakings, in relation to such guarantee undertakings. Fourthly, allotment shall be made to those who have entered into so-called bottom guarantee undertakings, in relation to such guarantee undertakings.

Trading in Unit Rights is expected to take place on Nasdaq First North Growth Market from and including 11 May 2021 to and including 21 May 2021, provided that the necessary authorizations to the Board of Directors are adopted by the general meeting and an EU growth prospectus is approved by the Danish Financial Supervisory Authority.

Complete terms and conditions for the Rights Issue, information about the subscription undertakings and guarantee commitments and other information about the Company will be provided in the EU growth prospectus to be released before the commencement of the subscription period.

Preliminary timetable for the Rights Issue

- 15 April 2021: Annual General Meeting.
- 4 May 2021: Publication of the EU growth prospectus.
- 5 May 2021: Last day of trading in the share, including the right to receive subscription rights.
- 6 May 2021: First day of trading in the share, excluding the right to receive subscription rights.
- 7 May 2021: Record date for participation in the Rights Issue, i.e. holders of shares who are registered in the share register maintained by Euroclear Sweden AB on this date will receive subscription rights for participation in the Rights Issue with preferential right.
- 11 May – 21 May 2021: Trading in subscription rights.
- 11 May – 25 May 2021: Subscription period.
- 26 May 2021: Expected day for publication of the outcome of the Rights

Subscription undertakings and guarantee commitments

The Rights Issue is fully covered by subscription undertakings and guarantee commitments by the largest shareholder and external underwriters, representing 100% percent of the Rights Issue.

The subscription and guarantee commitments are not secured through bank guarantees, restricted funds, pledged assets or similar arrangements. Consequently, there is a risk that one or more parties will not fulfil their respective commitments.

Shares and dilution

Through the Rights Issue, and payments in Units related to issue costs and fees to Underwriters, the Company's share capital will increase by up to a maximum of DKK 5,976,037.95 to DKK 17,928,113.90. Existing shareholders that do not participate in the Rights Issue will be diluted by a maximum of 37.52% but will have the possibility to gain economic compensation for the dilution effect by selling their subscription rights.

In the event that the Rights Issue and the warrants series TO 3 are both exercised in full, the share capital of the Company will increase from DKK 11,952,075.95 to DKK 23,904,151.85 and the total number of shares will increase from 239,041,519 shares to 478,083,037 shares. The dilution effect will amount to a maximum of 54.56%.

General meeting

The Annual General Meeting (AGM) to be held on 15 April 2021 determine whether shareholders approve of the Board of Directors' resolution on the Rights Issue and issue of warrants series TO 3 as stated above. The Board of Directors has also resolved to propose amendments to the Company's Articles of Association regarding changing the limits on the number of shares and share capital in order to enable the Rights Issue.

Advisors

Aalto Capital AB is the sole global coordinator and bookrunner in connection with the Rights Issue and Hagberg & Aneborn Fondkommission AB the issuing agent. Mazanti-Andersen Advokatpartnerselskab is legal advisor to the Company.

About the Drug Response Predictor – DRP® Companion Diagnostic

Allarity uses its drug specific DRP® to select those patients who, by the genetic signature of their cancer, are found to have a high likelihood of responding to the specific drug. By screening patients before treatment, the response rate can be significantly increased. The DRP® method builds on the comparison of sensitive vs. resistant human cancer cell lines, including genomic information from cell lines combined with clinical tumor biology and prior clinical trial outcomes. DRP® is based on messenger RNA from the patient's biopsies. DRP® has proven its ability to provide a statistically significant prediction of the clinical outcome from drug treatment in cancer patients in nearly 40 clinical studies that were examined, including an ongoing, prospective Phase 2 trial. The DRP® platform can be used in all cancer types and is patented for more than 70 anti-cancer drugs.

About Allarity Therapeutics

Allarity Therapeutics (Nasdaq First North Growth Market Stockholm: ALLR.ST) develops drugs for personalized treatment of cancer guided by its proprietary drug response predictor technology, the DRP® platform. The company has a mature portfolio of six drug candidates, including compounds in the pre-registration stage. The product portfolio includes: Stenoparib (2X-121), a PARP inhibitor in Phase 2 for ovarian cancer; Dovitinib, a pan-TKI advancing towards a U.S. NDA filing for renal cell carcinoma; IXEMPRA® (Ixabepilone), a microtubulin inhibitor approved in the U.S. for the treatment of breast cancer; LiPlaCis®, a liposomal formulation of cisplatin in Phase 2 trials for breast and prostate cancer; 2X-111, a liposomal formulation of doxorubicin under manufacturing for Phase 2 in breast cancer; and Irofulven, a DNA damaging agent in Phase 2 for prostate cancer.

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Forward-looking statements
This announcement includes forward-looking statements that involve risks, uncertainties and other factors, many of which are outside of Allarity's control and which could cause actual results to differ materially from the results discussed in the forward-looking statements. Forward-looking statements include statements concerning Allarity's plans, objectives, goals, future events, performance and/or other information that is not historical information. All such forward-looking statements are expressly qualified by these cautionary statements and any other cautionary statements which may accompany the forward-looking statements. Allarity undertakes no obligation to publicly update or revise forward-looking statements to reflect subsequent events or circumstances after the date made, except as required by law. Allarity's clinical programs may be delayed or impacted by the ongoing global COVID-19 pandemic.

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This information is information that Allarity A/S is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for **publication on 23 March 2021.**