



Press release

Allarity Therapeutics A/S Publishes Offer Document Offering to Acquire Company Shares in Exchange for Shares in Allarity Therapeutics, Inc. with the Intent to Complete Recapitalization

Hørsholm, Denmark (November 24, 2021) — Allarity Therapeutics A/S ("Allarity A/S" or the "Company") hereby announces a voluntary offer and offer document to the shareholders of Allarity A/S to acquire all shares in Allarity A/S (the "Offer"), with the intent of completing the Company's recapitalization and reorganization ("Recapitalization") into a US holding company (Allarity Therapeutics, Inc., a Delaware corporation, hereinafter "Allarity Delaware") and listing on the US Nasdaq Stock Market, as initially announced on May 21, 2021 and approved by the shareholders at the extraordinary general meeting on November 22, 2021.

The offer document is available on Allarity's website (www.allarity.com/offer) and on Hagberg & Aneborn Fondkommission's website (www.hagberganeborn.se/pagaende-transaktioner).

The Tender Period commences on November 25, 2021, and expires on December 9, 2021, at 3:00 pm CET. The Tender Period may be extended by the Board of Directors at its discretion. Settlement is expected to commence on or around December 20, 2021. Allarity A/S has reserved the right to extend the acceptance period for the Offer and to postpone the settlement date.

Summary

- The Board of Directors of Allarity A/S unanimously recommends the Company's shareholders to accept the Offer.
- The Offer is being made in connection with the Company's recapitalization and reorganization into a US holding company, approved by unanimous vote at the Company's extraordinary general meeting held on November 22, 2021, in order to effect the Company's migration to the U.S. Nasdaq stock market.
- Shareholders in Allarity A/S are being offered the opportunity to swap their existing shares for shares in Allarity Delaware which is currently a wholly-owned subsidiary of Allarity A/S.
 - o Shareholders in Allarity A/S that accept the Offer will receive shares in Allarity Delaware in relation to their existing holding in Allarity A/S, where fifty (50) existing Allarity A/S held shares entitle accepting shareholders to one (1) new share in Allarity Delaware (the "Exchange Ratio").
 - o In the event that the holding is not exactly divisible by fifty (50), the Offer will result in fractional shares. Such fractional shares cannot be validly issued under US law and will therefore be settled in cash.
 - o After having accepted the Offer, shareholders' nominees (bank, custodian, or other broker) will receive the tradeable US shares on shareholders' behalf, and thereafter shareholders will be able to trade these new shares on US Nasdaq through each shareholder's nominee. The immediate availability to trade and transact on your new

Allarity Delaware shares may depend on how your nominee (bank, custodian, or other broker) elects to receive such new shares.

- Allarity A/S shareholders who participate in the Offer will, as of the completion of the Recapitalization, own the same percentage of Allarity Delaware as they did in Allarity A/S prior to the Recapitalization, subject only to adjustments due to cash compensation being made with regard to fractional shares if any, and subject to ownership dilution due to the announced investment from 3i LP.
- The Offer will be completed through one capital decrease of nominal DKK 11,873,736 and up to eight capital decreases of nominal DKK 989,478 each in Allarity A/S down to nominal DKK 400,000.
- In the event that not all shareholders sell their Shares to Allarity A/S in the Offer, the remaining shares in Allarity Delaware are expected to be distributed to such shareholders as dividends or as liquidation proceeds in connection with the liquidation of Allarity A/S. Any such distributions may be subject to withholding taxes as applicable.
- It is a condition for the acceptance of the Offer that the individual shareholder offers all shares held by the shareholder during the Tender Period. Hence, partial participation in the Offer is not possible.

Steve Carchedi, CEO of Allarity A/S, commented: *"We have come a long way since this Company began humbly, more than a decade ago, as a small start-up outside of Copenhagen, Denmark. Now, we stand ready to take a quantum leap forward by migrating onto the US NASDAQ and realizing our true potential. Our Board of Directors, together with our executive management team, universally support this transformative migration of our Company to the US NASDAQ. We believe that this move is not only in the best interests of our shareholders and our Company, but is crucial and necessary for our achievement of Allarity's vision to realize the promise of personalized cancer care by bringing our novel therapeutics and DRP® companion diagnostics to market and to cancer patients."*

Further information

For further information about the Offer is available in the Offer Document which is available for download; please visit: www.allarity.com/offer.

The rationale for the proposed combination

The purpose of the recapitalization and reorganization is to enable the Company to further its mission of facilitating personalized medicine for cancer patients through advancing its pipeline programs and DRP® companion diagnostics. It is expected that the change of marketplace will enhance the Company's ability to achieve market values more in line with its US Nasdaq listed peer group and secure the necessary financing for its future success, with greater participation by institutional investors who primarily invest in US listed companies. The USD 20,000,000 investment is subject to, inter alia, a listing of the shares of Allarity Delaware on the US Nasdaq Stock Market.

Background for the Offer

On May 21, 2021 Allarity A/S announced that it has entered into an agreement with 3i LP, a U.S. fund formed under a single family office umbrella investing in public companies, for a USD 20,000,000 investment (the "Securities Purchase Agreement") to support Allarity A/S' recapitalization and

reorganization into Allarity Delaware and an application for listing on the U.S. Nasdaq Stock Market. The USD 20,000,000 investment will be made directly into Allarity Delaware and was subject to, inter alia, completion of the Reorganization and a listing of the Delaware Common Stock on the U.S. Nasdaq Stock Market. Shareholders of Allarity A/S approved the investment by 3i LP and the Reorganization Agreement at the extraordinary general meeting held on November 22, 2021.

Allarity Delaware has initially been organized as a wholly owned subsidiary of Allarity A/S and as of the date of this Offer Document has no business operations or assets and has engaged in no commercial activities other than pursuing the Reorganization described herein and in the information statement/prospectus.

Simultaneously with the execution of the Securities Purchase Agreement, Allarity A/S has entered into a Plan of Reorganization and Asset Purchase Agreement with Allarity Delaware to facilitate Allarity Delaware becoming a U.S. holding company listed on the U.S. Nasdaq Stock Market (the "Reorganization Agreement"). As of November 25, 2021, Allarity Delaware purchased, indirectly through a special purpose wholly owned subsidiary, all of the assets and assumed substantially all of the liabilities of Allarity A/S in exchange for shares of common stock in Allarity Delaware, for which an application for trading on the U.S. Nasdaq Stock Market has been made to be effective on completion of the Recapitalization. The purchase is conditional upon completion of the Recapitalization Agreement.

In connection with receipt by Allarity A/S of the Delaware Common Stock, Allarity A/S is, by way of publication of this Offer Document, commencing a share swap program offering the shareholders of Allarity A/S to exchange their shares in Allarity A/S with Allarity Delaware common stock on the basis of the Exchange Ratio. In the event that not all shareholders exchange their Shares to Allarity A/S in the Offer the remaining Delaware Common Stock are expected to be distributed to such shareholders as dividends or as liquidation proceeds in connection with a liquidation of Allarity A/S. Withholding taxes may apply to such distributions and will be deducted accordingly.

As a result of the Recapitalization, Allarity Delaware will become the direct or indirect holder of all of the assets and substantially all of the liabilities formerly held by Allarity A/S, except for the shareholding in Allarity Delaware and a certain level cash position to defray running costs also related to liquidation. Allarity A/S' shareholders who participate in the Offer will, as of the completion of the Recapitalization, own the same percentage of Allarity Delaware as they did in Allarity A/S prior to the Recapitalization, subject only to adjustments due to cash compensation being made with regard to fractional shares, if any, and subject to ownership dilution due to the announced investment from 3i LP.

Upon the completion of the Recapitalization, 3i LP will invest USD 20,000,000 in Allarity Delaware in exchange for convertible preferred stock in Allarity Delaware at an initial fixed conversion price of USD 9.906, which, if fully converted, would be convertible into a 20% ownership of the Allarity Delaware shares of common stock over time, subject to the condition that 3i may not beneficially own more than 4.99% of Allarity Delaware shares of common stock at any point in time. There is an implied pre-investment value for Allarity Delaware of USD 80,000,000 and a post-investment implied value of USD 100,000,000 assuming that the Recapitalization is completed and that Allarity Delaware is listed on the U.S. Nasdaq Stock Market.

It is the belief of the Board of Directors that the Reorganization, the listing of Allarity Delaware on the U.S. Nasdaq Stock Market and completion of the 3i LP investment will secure necessary working capital, give better access to future capital, unlock the true value of the Company, and in the end increase the value for the shareholders in a more liquid and accessible market. For further information on the reasons behind the Reorganization please see pages 7 and 8 of the Registration Statement.

About Allarity Therapeutics

Allarity Therapeutics A/S ((Nasdaq First North Growth Market Stockholm: ALLR.ST) develops drugs for personalized treatment of cancer guided by its proprietary and highly validated companion diagnostic technology, the DRP[®] platform. The Company has a mature portfolio of five drug candidates, including: Stenoparib, a PARP inhibitor in Phase 2 development for ovarian cancer; Dovitinib, a pan-TKI under FDA NDA review for 3rd line renal cell carcinoma; IXEMPRA[®] (Ixabepilone), a microtubule inhibitor approved in the U.S. for the treatment of 2nd line metastatic breast cancer and in Phase 2 development, in Europe, for the treatment of the same indication; LiPlaCis[®], a liposomal formulation of cisplatin in Phase 2 development for metastatic breast cancer; and 2X-111, a liposomal formulation of doxorubicin in Phase 2 development for metastatic breast cancer and/or glioblastoma multiforme (GBM). The LiPlaCis[®] and 2X-111 programs are partnered, via out-license, to Smerud Medical Research International AS. In 2021, Allarity sold the global rights to Irofulven, a DNA-damaging agent in Phase 2 for prostate cancer, back to Lantern Pharma, Inc. The Company maintains an R&D facility in Hoersholm, Denmark.

For more information, please visit the company's website at www.Allarity.com

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, and only treating those patients with a sufficiently high DRP[®] score, the therapeutic response rate can be significantly increased. The DRP[®] method builds on the comparison of sensitive vs. resistant human cancer cell lines, including transcriptomic information from cell lines combined with clinical tumor biology filters and prior clinical trial outcomes. DRP[®] is based on messenger RNA from patient biopsies. The DRP[®] platform has proven its ability to provide a statistically significant prediction of the clinical outcome from drug treatment in cancer patients in 37 out of 47 clinical studies that were examined (both retrospective and prospective), including ongoing, prospective Phase 2 trials of Stenoparib and IXEMPRA[®]. The DRP[®] platform, which can be used in all cancer types and is patented for more than 70 anti-cancer drugs, has been extensively published in peer reviewed literature.

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Important Information About the Recapitalization Share Exchange and Where to Find It

This press release relates to a proposed Recapitalization transaction between Allarity Therapeutics, Inc., a Delaware corporation and a wholly owned subsidiary of Allarity Therapeutics A/S. A full description of the terms and conditions of the Plan of Reorganization and Asset Purchase Agreement constituting the recapitalization has been provided in a registration statement on Form S-4 (Registration No. 333-258968) filed with the U.S. Securities and Exchange Commission (SEC) by Allarity Therapeutics, Inc., that includes a prospectus with respect to the securities to be issued in connection with the recapitalization, and information with respect to an extraordinary meeting of Allarity Therapeutics A/S shareholders to vote on the recapitalization and related transactions. **Allarity**

Therapeutics, Inc. and Allarity Therapeutics A/S urges its investors, shareholders and other interested persons to read the information statement and prospectus as well as other documents filed with the SEC because these documents contain important information about Allarity Therapeutics, Inc., Allarity Therapeutics A/S, and the recapitalization transaction. The registration statement was declared effective on November 5, 2021, and the definitive information statement and prospectus included in the registration statement was distributed to shareholders of Allarity Therapeutics A/S, by press release and published on Allarity Therapeutics A/S website: <https://allarity.com/press-release/notice-of-the-extraordinary-general-meeting-of-shareholders-of-allarity-therapeutics-a-s-to-be-held-on-november-22-2021/>. Shareholders will also be able to obtain a copy of the Form S-4 registration statement, including the information statement and prospectus, and other documents filed with the SEC without charge, by directing a request to: Allarity Therapeutics A/S at Venlighedsej 1, 2970 Horsholm, Denmark. The preliminary and definitive information statement and prospectus included in the registration statement can also be obtained, without charge, at the SEC's website (www.sec.gov).

Participation in the Solicitation

Allarity Therapeutics, Inc., Allarity Therapeutics A/S, and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies or consents from Allarity Therapeutics A/S shareholders in connection with the proposed transaction. A list of the names of the directors and executive officers of Allarity Therapeutics, Inc. and Allarity Therapeutics A/S and information regarding their interests in the recapitalization transaction is contained in the information statement and prospectus. You may obtain free copies of these documents as described in the preceding paragraph.

Forward-Looking Statements

This document contains certain forward-looking statements within the meaning of the federal securities laws with respect to the proposed transaction between Allarity Therapeutics, Inc. ("Allarity US") and Allarity Therapeutics A/S ("Allarity A/S"). These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Many factors could cause actual future events to differ materially from the forward-looking statements in this document, including but not limited to: (i) the risk that the transaction may not be completed in a timely manner or at all, which may adversely affect the price of Allarity A/S's securities, (ii) the failure to satisfy the conditions to the consummation of the transaction as contemplated in the Plan of Reorganization and Asset Acquisition Agreement (the "Recapitalization Agreement"), by the shareholders of Allarity A/S, the satisfaction of the conditions to the Recapitalization Agreement, including the listing of Allarity US common stock on the Nasdaq Stock Market and the receipt of certain governmental and regulatory approvals, (iii) the inability to complete the 3i Fund investment in connection with the transaction, (iv) the occurrence of any event, change or other circumstance that could give rise to the termination of the Recapitalization Agreement, (v) the effect of the announcement or pendency of the transaction on Allarity A/S business relationships, operating results and business generally, (vi) risks that the proposed transaction disrupts current plans and operations of Allarity A/S and potential difficulties in Allarity A/S employee retention as a result of the transaction, (vii) the outcome of any legal proceedings that may be instituted against Allarity A/S or against Allarity US related to the Recapitalization Agreement or the transaction, (viii) the ability to obtain

the listing of Allarity US's securities on a national securities exchange, (ix) the price of Allarity US's securities may be volatile due to a variety of factors, including changes in the competitive and highly regulated industries in which Allarity US plans to operate or Allarity A/S operates, variations in operating performance across competitors, changes in laws and regulations affecting Allarity US's or Allarity A/S's business and changes in the combined capital structure, (x) the ability to implement business plans, forecasts, and other expectations after the completion of the transaction, and identify and realize additional opportunities, and (xi) the risk of downturns and a changing regulatory landscape in Allarity US's highly competitive industry. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described in the "Risk Factors" section of Allarity US's registration statement on Form S-4 discussed above and other documents filed by Allarity US from time to time with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and except as required by law Allarity US and Allarity A/S assume no obligation and do not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise. Neither Allarity US nor Allarity A/S gives any assurance that either Allarity US or Allarity A/S or the recapitalized company will achieve its expectations.

Any financial projections in this communication are forward-looking statements that are based on assumptions that are inherently subject to significant uncertainties and contingencies, many of which are beyond Allarity US's and Allarity A/S's control. While all projections are necessarily speculative, Allarity US and Allarity A/S believe that the preparation of prospective financial information involves increasingly higher levels of uncertainty the further out the projection extends from the date of preparation. The assumptions and estimates underlying the projected results are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the projections. The inclusion of projections in this communication should not be regarded as an indication that Allarity US and Allarity A/S, or their representatives, considered or consider the projections to be a reliable prediction of future events.

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Investor Contact

investorrelations@allarity.com

US Media Contact

Mike Beyer
Sam Brown, Inc.
+1 312-961-2502
mikebeyer@sambrown.com

EU Media Contact

Thomas Pedersen
Carrotize PR & Communications
+45 6062 9390
tsp@carrotize.com

Certified Adviser:

Svensk Kapitalmarknadsgranskning AB, Email: ca@skmg.se. Tel: +46 11 32 30 732

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 **November 24, 2021**.