

## **Annual report for 2022**

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Allarity Therapeutics Denmark ApS  
Venlighedsvej 1, 2970 Hørsholm  
CVR no. 38 44 59 28

Prepared without audit or review

Adopted at the annual general meeting on 30 June  
2023

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Lars Lüthjohan  
chairman

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## Statement by management on the annual report

The executive board has today discussed and approved the annual report of Allarity Therapeutics Denmark ApS for the financial year 1 January - 31 December 2022.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

The accompanying financial statements have not been audited. Management considers the criteria for not auditing the financial statements to be met.

Management recommends that the annual report should be approved by the Company in general meeting.

Hørsholm, 30 June 2023

### **Executive board**

James G. Cullem  
CEO

Joan Yvonne Brown  
CFO

Steen Meier Knudsen  
CSO

## Company details

### **The company**

Allarity Therapeutics Denmark ApS  
Venlighedsvej 1  
2970 Hørsholm

CVR no.: 38 44 59 28

Reporting period: 1 January - 31 December 2022

Domicile: Rudersdal

The annual report for 2022 is unaudited. Prepared by management.

### **Executive board**

James G. Cullem, CEO  
Joan Yvonne Brown, CFO  
Steen Meier Knudsen, CSO

### **General meeting**

The annual general meeting is held at the Company's address on 30 June 2023.

## Management's review

### **Business review**

The Company is a wholly owned subsidiary of Allarity Therapeutics, Inc., a Delaware, United States incorporated Company listed on NASDAQ, in the United States of America. Allarity Therapeutics, Inc. is the parent company ("Parent Company") which owns 100% of Allarity Therapeutics Denmark ApS and 100% of Allarity Therapeutics Europe ApS (collectively referred to as the "Group" or the "Allarity Group").

The Company has limited activities.

### **Financial review**

The Company's income statement for the year ended 31 December 2022 shows a loss of kDKK 1.453, and the balance sheet at 31 December 2022 shows negative equity of kDKK 1.430.

### ***Financing***

Significant uncertainty as regards going concern

The Company has received a letter of support from Allarity Therapeutics Inc. We refer to note 2 for further information.

The current liquidity of the Allarity Group is expected to last until July 2023. Allarity management is currently working to reduce costs in 2023 and defer payments into 2024.

The Company's ability to continue its operations is dependent upon the Allarity Group's ability to obtain additional capital in the future.

Allarity Management is working to ensure financing from investors in order to secure the necessary liquidity to continue operations. Allarity Management expects that a solution will be reached and the necessary funds will become available during 2023.

The Company's financial statements for the year ended 31 December 2022 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business for the foreseeable future.

These financial statements do not include any adjustments to the specific amounts and classifications of assets and liabilities, which might be necessary should the Company be unable to continue as a going concern.

### **Significant events occurring after the end of the financial year**

No events have occurred after the balance sheet date which could significantly affect the Company's financial position.

## Income statement 1 January - 31 December

	<u>Note</u>	<u>2022</u> DKK'000	<u>2021</u> DKK'000
<b>Gross profit</b>		<b>0</b>	<b>-1</b>
Financial costs		-1.512	-6
<b>Profit/loss before tax</b>		<b>-1.512</b>	<b>-7</b>
Tax on profit/loss for the year		59	7
<b>Profit/loss for the year</b>		<b>-1.453</b>	<b>0</b>
		<u>2022</u> DKK'000	<u>2021</u> DKK'000
<b>Recommended appropriation of profit/loss</b>			
Retained earnings		-1.453	0
		<b>-1.453</b>	<b>0</b>

## Balance sheet 31 December

	<u>Note</u>	<u>2022</u> DKK'000	<u>2021</u> DKK'000
<b>Assets</b>			
Receivables from group enterprises		6.544	6.087
Other receivables		<u>3</u>	<u>27</u>
<b>Receivables</b>		<u><b>6.547</b></u>	<u><b>6.114</b></u>
<b>Cash</b>		<u><b>4</b></u>	<u><b>821</b></u>
<b>Total current assets</b>		<u><b>6.551</b></u>	<u><b>6.935</b></u>
<b>Total assets</b>		<u><u><b>6.551</b></u></u>	<u><u><b>6.935</b></u></u>

## Balance sheet 31 December

	<u>Note</u>	<u>2022</u> DKK'000	<u>2021</u> DKK'000
<b>Equity and liabilities</b>			
Share capital		100	100
Share premium account		2.975	2.975
Retained earnings		<u>-4.505</u>	<u>-3.052</u>
<b>Equity</b>		<u><b>-1.430</b></u>	<u><b>23</b></u>
Provision for deferred tax		<u>0</u>	<u>59</u>
<b>Total provisions</b>		<u><b>0</b></u>	<u><b>59</b></u>
Other payables		<u>7.551</u>	<u>6.423</u>
<b>Total non-current liabilities</b>		<u><b>7.551</b></u>	<u><b>6.423</b></u>
Trade payables		33	33
Corporation tax		<u>397</u>	<u>397</u>
<b>Total current liabilities</b>		<u><b>430</b></u>	<u><b>430</b></u>
<b>Total liabilities</b>		<u><b>7.981</b></u>	<u><b>6.853</b></u>
<b>Total equity and liabilities</b>		<u><u><b>6.551</b></u></u>	<u><u><b>6.935</b></u></u>
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## Notes

### 1 Accounting policies

The annual report of Allarity Therapeutics Denmark ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and the Accounting Standard on small enterprises.

The accounting policies applied are consistent with those of last year.

The annual report for 2022 is presented in DKK.

#### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

#### **Income statement**

##### **Gross profit**

In pursuance of section 32 of the Danish Financial Statements Act, the Company presents gross loss in the income statement.

Gross profit comprises of other external expenses.

##### **Other external expenses**

Other external expenses include expenses related to administration etc.

## Notes

### 1 Accounting policies

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to realised and unrealised capital/exchange gains and losses on liabilities and foreign currency transactions.

#### Tax on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

#### Balance sheet

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

##### Cash

Cash comprises cash and deposits at banks.

##### Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

The Company and all its Danish group affiliated entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

## Notes

### 1 Accounting policies

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

#### Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

#### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

## Notes

### **2 Uncertainty about the continued operation (going concern)**

As a development company and like other similar companies, Allarity Denmark ApS, has incurred negative cash flows over the years. Consequently, the Company is dependent on financing until positive cash flow is achieved. Management is constantly monitoring the Company's financial position and is prepared to take adequate measures to secure the ongoing activities of the Company. In the year 2022, the Company recorded a loss of DKK 1,453k. The current assets consist of receivables from group companies. The Company is dependent on financial support from its United States incorporated parent, Allarity Therapeutics, Inc. ("Parent Company") to continue its operations. The Company has received a letter of support from its Parent Company, effective to 1 January 2024.

The current liquidity of the Allarity Group is expected to last until July 2023. Allarity management is currently working to secure additional funding, reduce costs in 2023 and defer payments into 2024.

The Company's ability to continue its operations is dependent upon the Allarity Group's ability to obtain additional capital in the future.

Allarity Management is working to ensure financing from investors in order to secure the necessary liquidity to continue operations. Allarity Management expects that a solution will be reached and the necessary funds will be available during 2023.

The Company's financial statements for the year ended 31 December 2022 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business for the foreseeable future.

These financial statements do not include any adjustments to the specific amounts and classifications of assets and liabilities, which might be necessary should the Company be unable to continue as a going concern.

The above indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern, but the Executive Board has confidence in the Company as a going concern, and consequently, the Financial Statements have been prepared in accordance with the going concern principles.

## Notes

### **3 Contingent liabilities**

The Company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

### **4 Related parties and ownership structure**

#### **Consolidated financial statements**

The Company's financial results are included in the consolidated financial statements of the parent Allarity Therapeutics Inc, USA.