

Annual report for 2024

Allarity Therapeutics Europe ApS
Venlighedsvej 1, 2970 Hørsholm
CVR no. 34 62 35 62

Adopted at the annual general meeting on 3 July
2025

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 Europe ApS for the financial year 1 January - 31 December 2024.

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 2024 and of the results of the company's operations for the financial year 1 January - 31 December 2024.

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

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

Hørsholm, 3 July 2025

Executive board

Steen Meier Knudsen
CEO

Alexander Epshinsky
CFO

Independent practitioner's extended review report

To the shareholder of Allarity Therapeutics Europe ApS

Report on extended review of the Financial Statements

Opinion

We have performed an extended review of the financial statements of Allarity Therapeutics Europe ApS for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared under the provisions of the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review of the financial statements" section of this report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Material uncertainty related to going concern

We draw attention to note 2 to the annual report, regarding the company's ability to continue as a going concern, that states that the Company is dependent on financial support from the Parent Company to continue its operations. The Company has received a letter of support from its Parent Company and it is management's assessment, that this will ensure the company's ability to pay its obligations as they fall due, hence continue as a going concern.

We have not modified our opinion in this regard.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Independent practitioner's extended review report

Practitioner's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Report on other legal and regulatory requirements

Violation of Danish company law

The Company has lost more than 50% of its share capital. The Company have not held and extraordinary general meeting within 6 months from the realisation of the loss, as required by the Danish Company's Act. Consequently, Management may be held liable.

Independent practitioner's extended review report

Copenhagen, 3 July 2025

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Leon Thomas Ravn Fagerlind
State Authorised Public Accountant
mne49914

Company details

The company

Allarity Therapeutics Europe ApS
Venlighedsvej 1
2970 Hørsholm

CVR no.: 34 62 35 62

Reporting period: 1 January - 31 December 2024

Domicile: Rudersdal

Executive board

Steen Meier Knudsen, CEO
Alexander Epshinsky, CFO

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S

Management's review

Business review

The Company is a clinical stage pharmaceutical company developing stenoparib for the personalized treatment of cancer using drug specific companion diagnostics generated by its proprietary drug response predictor technology, DRP®.

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

Recognition and measurement uncertainties

In the financial statements for the financial year 01.01.24 - 31.12.24, it is important to note the following uncertainty with regard to recognition and measurement, as it has had a significant influence on the assets and liabilities recognized in the financial statements:

On 20 December 2021, the Company acquired DRP technology and IP rights from Allarity Therapeutics A/S together with employees and other assets and liabilities. The acquired business was valued based on the market value of Allarity Therapeutics in December 2021. The market value of Allarity Therapeutics has declined significantly in 2024, which has resulted in a full impairment of intangible assets in 2024.

For the year ended December 31, 2024, the Company performed an updated quantitative impairment test utilizing updated inputs to the clinical plan design and current market factors and determined that an impairment of our intangible assets was required during the year ended December 31, 2024.

Financial review

The Company's income statement for the year ended 31 December 2024 shows a loss of kDKK 393.818, and the balance sheet at 31 December 2024 shows negative equity of kDKK 198.795.

The Company's financial position complies is as expected.

The Company has lost more than 50% of its share capital. Management expects to reestablish the share capital through future share capital injections in addition to creating value through research and development activities.

Management's review

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.

As a result of the Parent Company's recent financing activities through the use of an at-the-market offering beginning in March 2024, the current liquidity of the Allarity Group is expected to last through December 31, 2026.

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

The Company's financial statements for the year ended 31 December 2024 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>2024</u> kDKK	<u>2023</u> kDKK
Gross profit		-44.548	-49.354
Staff costs	5	<u>-3.530</u>	<u>-6.261</u>
Profit/loss before amortisation/depreciation and impairment losses		-48.078	-55.615
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		<u>-348.712</u>	<u>-196</u>
Profit/loss before net financials		-396.790	-55.811
Financial income		40	1.752
Financial costs		<u>-14.940</u>	<u>-219</u>
Profit/loss before tax		-411.690	-54.278
Tax on profit/loss for the year		<u>17.872</u>	<u>5.543</u>
Profit/loss for the year		<u><u>-393.818</u></u>	<u><u>-48.735</u></u>
 Distribution of profit			
		<u>2024</u> kDKK	<u>2023</u> kDKK
Recommended appropriation of profit/loss			
Retained earnings		<u>-393.818</u>	<u>-48.735</u>
		<u><u>-393.818</u></u>	<u><u>-48.735</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2024</u> kDKK	<u>2023</u> kDKK
Assets			
Acquired development projects		0	348.431
Acquired patents		0	274
Intangible assets		0	348.705
Plant and machinery		2.204	97
Other fixtures and fittings, tools and equipment		0	41
Tangible assets		2.204	138
Deposits		511	511
Fixed asset investments		511	511
Total non-current assets		2.715	349.354
Receivables from group enterprises		2.082	5.801
Other receivables		308	610
Corporation tax		5.500	5.500
Prepayments		69	669
Receivables		7.959	12.580
Cash		575	302
Total current assets		8.534	12.882
Total assets		11.249	362.236

Balance sheet 31 December

	<u>Note</u>	<u>2024</u> kDKK	<u>2023</u> kDKK
Equity and liabilities			
Share capital		2.207	2.207
Share premium account		436.526	436.526
Retained earnings		<u>-637.528</u>	<u>-243.710</u>
Equity		<u>-198.795</u>	<u>195.023</u>
Provision for deferred tax		<u>0</u>	<u>12.372</u>
Total provisions		<u>0</u>	<u>12.372</u>
Trade payables		29.964	51.140
Payables to group enterprises		164.566	103.239
Other payables		14.038	462
Deferred income		<u>1.476</u>	<u>0</u>
Total current liabilities		<u>210.044</u>	<u>154.841</u>
Total liabilities		<u>210.044</u>	<u>154.841</u>
Total equity and liabilities		<u><u>11.249</u></u>	<u><u>362.236</u></u>
Uncertainty about the continued operation (going concern)	2		
Uncertainty in the recognition and measurement	3		
Subsequent events	4		
Rent and lease liabilities	6		
Contingent liabilities	7		
Related parties and ownership structure	8		

Statement of changes in equity

	<u>Share capital</u>	<u>Share premium account</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2024	2.207	436.526	-243.710	195.023
Net profit/loss for the year	<u>0</u>	<u>0</u>	<u>-393.818</u>	<u>-393.818</u>
Equity at 31 December 2024	<u>2.207</u>	<u>436.526</u>	<u>-637.528</u>	<u>-198.795</u>

The Company has lost more than 50% of its share capital. Management expects to reestablish the share capital through future share capital injections in addition to creating value through research and development activities.

Notes

1 Accounting policies

The annual report of Allarity Therapeutics Europe ApS for 2024 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, as well as provisions applying to reporting class C entities.

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

The annual report for 2024 is presented in DKK.

Basis of recognition and measurement

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

Assets are recognized 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 recognized 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 amortized cost using the effective interest method. Amortized cost is calculated as the historic cost less any installments and plus/less the accumulated amortization 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.

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 recognized 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 recognized in the latest financial statements is recognized in the income statement as financial income or financial expenses.

Notes

1 Accounting policies

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the Company does not disclose its revenue.

Gross profit reflects an aggregation of costs of raw materials and consumables and other external expenses including research and development costs.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in the clinical trials and comprise as research and development costs.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, etc.

Other external expenses also comprise research and development costs that do not qualify for capitalization.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Depreciation, amortization and impairment of intangible assets and property, plant and equipment

Depreciation, amortization and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortization and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to realized and unrealized capital/exchange gains and losses on liabilities and foreign currency transactions, amortization of financial assets and liabilities.

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.

Notes

1 Accounting policies

The Company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

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 recognized 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

Intangible assets

Development projects, patents and licenses

Development costs comprise acquired costs, wages/salaries and amortization losses that are directly and indirectly attributable to the Company's development activities.

Development projects recognized in the balance sheet are measured at cost less accumulated amortization and impairment losses.

Following the completion of the development work, development costs are amortized on a straight-line basis over the estimated useful life. The amortization period is usually 5 years.

Patents and licenses are measured at cost less accumulated amortization and impairment losses. Patents are amortized on a straight-line basis over the remaining patent period, and licenses are amortized over the term of the license, however not more than 8 years.

Gains and losses on the disposal of development projects, patents and licenses are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as other operating income or other operating expenses, respectively.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Notes

1 Accounting policies

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Plant and machinery	5 years	0 %
Other plant, fixtures and fittings, tools and equipment	5 years	0 %

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale. Gains or losses on the sale of items of property, plant and equipment are recognized in the income statement under other operating income or other operating expenses, respectively.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment is tested annually for impairment, other than what is reflected through normal amortization and depreciation.

Management assesses its capitalized development costs for impairment at year end date as well as when events and circumstances indicate there is a potential impairment.

Significant quantitative indicators considered are the Company’s market capitalization, market share, length of remaining clinical trials, and projected revenue per treatment.

As of December 31, 2024, management completed an impairment test and determined capitalized development costs were impaired.

Receivables

Receivables are measured at amortized cost.

An impairment loss is recognized 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 recognized.

Prepayments

Prepayments recognized under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash

Cash comprises cash and deposits at banks.

Notes

1 Accounting policies

Income tax and deferred tax

As management company, Allarity Therapeutics Europe ApS is liable for payment of its affiliated Danish companies' corporate income taxes to the tax authorities.

Current tax liabilities and current tax receivables are recognized 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.

Joint taxation contributions payable and receivable are recognized 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 realizable 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 crystallize as current tax. Deferred tax adjustments resulting from changes in tax rates are recognized in the income statement, with the exception of items taken directly to equity.

Corporation Tax receivable

Denmark allows loss making companies the opportunity to apply for a payment equal to the tax value (22%) of negative taxable income related to R&D costs. The negative taxable income is calculated on the total negative income of the companies participating in the joint taxation. The tax payment according to this rule cannot exceed an amount of DKK 5.5 million, corresponding to a tax loss relating to R&D expenditure of DKK 25 million. The tax credit is recorded as corporation tax receivable and other income within research and development expenses, thereby reducing research and development expenses.

Liabilities

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

Deferred income

Deferred income recognized under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Notes

2 Uncertainty about the continued operation (going concern)

As a development company, and like other similar companies, Allarity Therapeutics Europe 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 2024, the Company recorded a loss of kDKK 393,818 and the Company's current liabilities exceed the Company's current assets by kDKK 201,510. The Company is financed by intercompany advances from its United States incorporated parent, Allarity Therapeutics, Inc. ("Parent Company"). The Company is dependent on financial support from the Parent Company to continue its operations. The Company has received a letter of support from its Parent Company, effective to 1 January 2026.

As a result of the Parent Company's recent financing activities through the use of an at-the-market offering beginning in March 2024, the current liquidity of the Allarity Group is expected to last through December 31, 2026.

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

The Company's financial statements for the year ended 31 December 2024 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 indicates 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 Uncertainty in the recognition and measurement

In the financial statements for 2024, it is important to note the following uncertainty as regards recognition and measurement as it has had a significant influence on the assets and liabilities recognized in the financial statements:

Acquired intangible assets represents the fair value assigned to research and development assets that the Company acquires and have not been completed at the acquisition date. The fair value of the intangible assets acquired is recorded on the balance sheets at the acquisition-date and is determined by estimating the costs to develop the technology into commercially viable products, estimating the resulting revenue from the projects, and discounting the projected net cash flows to present value.

The projected discounted cash flow models used to estimate the fair value of the intangible assets reflect significant assumptions regarding the estimates a market participant would make in order to evaluate an intangible development asset, including the following:

- Estimates of obsolescence of development expenditure
- Probability of successfully completing clinical trials and obtaining regulatory approval
- Estimates of future cash flows from potential milestone payments and royalties related to out-licensed product sales; and
- A discount rate reflecting the Company's weighted average cost of capital and specific risk inherent in the underlying assets.

Once brought into use, intangible assets are amortized over their estimated useful economic lives, which for acquired intangible assets is over the remaining life of the relevant patents.

The market value of Allarity Therapeutics has declined significantly in 2024, which has resulted in a full impairment of intangible assets in 2024.

For the year ended December 31, 2024, the Company performed an updated quantitative impairment test utilizing updated inputs to the clinical plan design and current market factors and determined that an impairment of our intangible assets was required during the year ended December 31, 2024.

Notes

Tax Credit

Income tax receivable amounting to DKK 5,500 thousands relates to the expected refund of tax credit under the Danish Tax Credit Scheme, according to which the Company can get a refund of the tax value related to costs for research and development activities.

Based on an evaluation of the criteria for using the scheme, it is Management's assessment that the Company qualifies for using the scheme. The recognition of the receivable is based on this assessment.

Whether the criteria are met, is subject to an estimate, with an underlying risk and uncertainty. The Danish Tax Authorities may have another opinion and in this case, there could be a risk that the Company will not receive the tax receivable of DKK 5,500 thousands.

It is Management's assessment that the Company also qualifies for using the scheme in prior years, thus no provision has been included in this respect.

4 Subsequent events

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

Notes

	<u>2024</u> kDKK	<u>2023</u> kDKK
5 Staff costs		
Wages and salaries	3.492	6.218
Other social security costs	34	41
Other staff costs	<u>4</u>	<u>2</u>
	<u>3.530</u>	<u>6.261</u>
Number of fulltime employees on average	<u>4</u>	<u>5</u>

	<u>2024</u> kDKK	<u>2023</u> kDKK
6 Rent and lease liabilities		
Rent and lease liabilities		
Lease liabilities, 12-month period of interminability	721.000	702.000

7 Contingent liabilities

As management company, 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.

8 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., Delaware, USA.