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# ***OV-SPV2 ApS***

Venlighedsvej 1, DK-2970 Hørsholm

## **Annual Report for 2020**

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CVR No. 38 44 59 28

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 30/6 2021

Thomas Henrik Jensen  
Chairman of the  
general meeting



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# Management's statement

The Executive Board has today considered and adopted the Financial Statements of OV-SPV2 ApS for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

I recommend that the Financial Statements be adopted at the Annual General Meeting.

Hørsholm, 30 June 2021

**Executive Board**

Thomas Henrik Jensen  
Manager

# Independent Auditor's report

To the shareholder of OV-SPV2 ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of OV-SPV2 ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 audit 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 audit, 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, in our view, 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 in Management's Review.

## 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 30 June 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Torben Jensen

State Authorised Public Accountant

mne18651

Thomas Lauritsen

State Authorised Public Accountant

mne34342

## Company information

<b>The Company</b>	OV-SPV2 ApS Venlighedsvej 1 DK-2970 Hørsholm CVR No: 38 44 59 28 Financial period: 1 January - 31 December Incorporated: 13 February 2017 Financial year: 4th financial year Municipality of reg. office: Rudersdal
<b>Executive board</b>	Thomas Henrik Jensen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

# Management's review

## Key activities

OV-SPV2 ApS is a Danish drug development company formed in 2017 with the purpose of testing whether a substance from Big Pharma can be used in conjunction with DRP®.

## Development in the year

The income statement of the Company for 2020 shows a loss of DKK 1,645k, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 22k.

## Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income statement 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
<b>Gross loss</b>		<b>-2,169</b>	<b>-1,512</b>
Financial income	3	39	15
Financial expenses	4	-108	-128
<b>Profit/loss before tax</b>		<b>-2,238</b>	<b>-1,625</b>
Tax on profit/loss for the year	5	593	387
<b>Net profit/loss for the year</b>		<b>-1,645</b>	<b>-1,238</b>

### Distribution of profit

	2020 TDKK	2019 TDKK
<b>Proposed distribution of profit</b>		
Retained earnings	-1,645	-1,238
	<b>-1,645</b>	<b>-1,238</b>



## Balance sheet 31 December

### Assets

	Note	2020 TDKK	2019 TDKK
Development projects in progress		9,516	9,516
<b>Intangible assets</b>		<b>9,516</b>	<b>9,516</b>
<b>Fixed assets</b>		<b>9,516</b>	<b>9,516</b>
Receivables from group enterprises		2,674	2,433
Other receivables		76	10
Corporation tax		242	160
<b>Receivables</b>		<b>2,992</b>	<b>2,603</b>
<b>Cash at bank and in hand</b>		<b>124</b>	<b>8</b>
<b>Current assets</b>		<b>3,116</b>	<b>2,611</b>
<b>Assets</b>		<b>12,632</b>	<b>12,127</b>

# Balance sheet 31 December

## Liabilities and equity

	Note	2020	2019
		TDKK	TDKK
Share capital		100	100
Share premium account		2,975	2,975
Retained earnings		-3,053	-1,408
<b>Equity</b>		<u>22</u>	<u>1,667</u>
Provision for deferred tax		462	813
<b>Provisions</b>		<u>462</u>	<u>813</u>
Trade payables		33	25
Payables to group enterprises		12,115	9,622
<b>Short-term debt</b>		<u>12,148</u>	<u>9,647</u>
<b>Debt</b>		<u>12,148</u>	<u>9,647</u>
<b>Liabilities and equity</b>		<u>12,632</u>	<u>12,127</u>

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# Notes to the Financial Statements

## 1. Going concern

As a development company, and like other similar companies, OV-SPV2 ApS, has shown negative cash flow over the years, why the Company is dependent on financing until reaching the point where a positive cash flow begins. Management is constantly monitoring the Company's financial position and are prepared to take the adequate measures to secure the ongoing activities of the company. In the year 2020, the Company recorded a loss of DKK 1,645k and the Company's liabilities exceeds the Company's current assets by DKK 9,032k. The Company is financed by a loan from the Parent Company, Allarity Therapeutics A/S.

On 31 March 2021 the Company received a letter of financial support from the Parent Company Allarity Therapeutics A/S. In the letter, the Allarity Therapeutics A/S stated that they will:

- 1) Support the Company financially
- 2) The loan to the Company will not be recalled, unless the liquidity position of the Company is adequate to justify such repayment
- 3) The ultimate Parent Company and group enterprises will subordinate their receivables in favour of other creditors of the Company.

The letter is effective until 31 May 2022.

In March 2021, the Parent Company announced plans regarding a fully guaranteed rights issue of approximately gross SEK 100 million. In May 2021, the Board of Directors of the Parent Company resolved to carry out the share issue with preferential rights for the Company's existing shareholders. The Company will receive SEK 102.8 million upon full subscription of the offer units before transaction costs. The subscription period ended on 8 June 2021.

As disclosed in the Annual Report 2020 for the Parent Company Allarity Therapeutics A/S, Management has assessed that the financing is sufficient to cover the capital needs for the Group. No matters have occurred that change this assessment.

On this basis, 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 to the Financial Statements

## 2. Uncertainty relating to recognition and measurement

### Intangible assets

In connection with the preparation of the financial statements for the Ultimate Parent Company (Allarity Therapeutics A/S), management has performed a review of indicators of impairment concerning the Company's intangible assets and has performed an impairment test for the respective assets, as applicable.

Management has chosen a value-in-use approach and applied a discounted cash flow model (risk-adjusted NPV, rNPV) to estimate the recoverable amounts for the Company's intangible assets. The Company has one major on-going program, Dovitinib.

The model takes into account several factors, of which the most dominant are as follows:

- 1) Probability of success with the program (final approval for marketing)
- 2) The expected price and contribution margin for the product if approved for marketing, taking into consideration the percentage of the product, owned by the Company
- 3) The net debt the Company has incurred to conduct its research and development.

The rNPV impairment test has not shown indications that the development projects are subject to impairment. The test of all products have shown that the discounted risk-adjusted cash flow exceeds the carrying amount as at 31 December 2020. On this basis, management concluded that no impairment of the Company's intangible assets were needed.

Considering the nature of the impairment test, the accounting estimate include significant key assumptions that are encumbered with uncertainty. Consequently, the valuation of the Company's intangible assets is subject to significant valuation uncertainties.

## 3. Financial income

	2020	2019
	TDKK	TDKK
Interest received from group enterprises	0	15
Other financial income	39	0
	<u>39</u>	<u>15</u>

## 4. Financial expenses

	2020	2019
	TDKK	TDKK
Interest paid to group enterprises	107	126
Other financial expenses	1	2
	<u>108</u>	<u>128</u>

## Notes to the Financial Statements

	2020	2019
	TDKK	TDKK
<b>5. Income tax expense</b>		
Current tax for the year	-242	-160
Deferred tax for the year	-351	813
Adjustment of tax concerning previous years	0	-1,040
	<u>-593</u>	<u>-387</u>

## 6. Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Allarity Therapeutics A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability

## 7. Related parties and disclosure of consolidated financial statements

### Consolidated Financial Statements

The Company's Financial Statements are included in Group Annual Report of Allarity A/S

Name	Place of registered office
Allarity Therapeutics A/S	Hoersholm, Denmark

The Group Annual Report of Allarity A/S may be obtained at the following address:

Venlighedsvej 1  
DK-2970 Hoersholm

# Notes to the Financial Statements

## 8. Accounting policies

The Annual Report of OV-SPV2 ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK '000.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income statement

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Gross loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of expenses for raw materials and consumables and other external expenses.

# Notes to the Financial Statements

## Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish subsidiaries of the ultimate parent company Allarity Therapeutics A/S. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance sheet

### Intangible fixed assets

#### *Development projects, patents and licences*

Cost of development projects comprise licenses and other expenses directly or indirectly attributable to the Company's development activities.

Costs incurred in relation to individual development projects are capitalized only when the future economic benefit of the project is probable and the following main conditions are met: (i) the development costs can be measured reliably, (ii) the technical feasibility of the product has been ascertained and (iii) Management has the intention and ability to complete the intangible asset and use or sell it.

Since our development projects are often subject to regulatory approval procedures and other uncertainties, the conditions for the capitalization of costs incurred before receipt of approvals are not normally satisfied. Management assess on a continuous basis, whether there is reasonable certainty of receiving future cash flows that will cover the development costs incurred regarding our own development projects.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Patents and licences, as well as acquired development projects, are measured at the lower of cost less accumulated amortisation and recoverable amount.

Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 6 years.

### Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

## Notes to the Financial Statements

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Debts are measured at amortised cost, substantially corresponding to nominal value.