

KNOPP BIOSCIENCES LLC AND SUBSIDIARY

COMBINED FINANCIAL STATEMENTS
TAX BASIS

Quarter and Six Months Ended June 30, 2023

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COMBINED FINANCIAL STATEMENTS

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Managers
Knopp Biosciences LLC and Subsidiary
Pittsburgh, Pennsylvania

Management is responsible for the accompanying combined financial statements of Knopp Biosciences LLC and Subsidiary, which comprise the combined statement of assets, liabilities, and members' equity - tax basis as of June 30, 2023, and the related combined statements of revenue and expenses - tax basis, changes in members' equity - tax basis and cash flows - tax basis for the quarter and six months then ended, in accordance with the tax basis of accounting, and for determining that the tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the combined financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these combined financial statements.

The financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the combined financial statements are not designed for those who are not informed about such matters.

EG Conley, P.C.

Pittsburgh, Pennsylvania
August 3, 2023

Knopp Biosciences LLC

Combined Statement of Assets, Liabilities, and Members' Equity - Tax Basis

	June 30 2023
Assets	
Current assets:	
Cash and cash equivalents	\$ 614,650
Investments - U.S. government securities	788,015
Investments - certificate of deposit	200,000
Prepaid expenses and other assets	779,078
Total current assets	<u>2,381,743</u>
Other assets:	
Investments - U.S. government securities	2,884,899
Total assets	<u><u>\$ 5,266,642</u></u>
Liabilities and members' equity	
Current liabilities:	
Accounts payable	\$ 7,126
Total current liabilities	<u>7,126</u>
Members' equity:	
Contributed capital	78,510,865
Accumulated deficit	(73,251,349)
Total members' equity	<u>5,259,516</u>
Total liabilities and members' equity	<u><u>\$ 5,266,642</u></u>

See independent accountants' compilation report.

Knopp Biosciences LLC

Combined Statement of Revenue and Expenses - Tax Basis

	Quarter Ended June 30 2023	Six Months Ended June 30 2023
Revenue	\$ —	\$ —
BUSINESS DEVELOPMENT AND COMMERCIAL EXPENSES		
Business consultants and personnel	—	7,500
	—	7,500
CORPORATE EXPENSES		
Personnel	27,079	47,722
Professional fees	108,520	276,512
Rent expense	4,784	9,568
Other insurance	8,945	20,073
Office supplies and postage	611	1,300
Web development	15,000	15,000
IT support, hardware and communications	5,455	10,250
Other taxes	—	357
	170,394	380,782
TOTAL OPERATING EXPENSES	170,394	388,282
LOSS FROM OPERATIONS BEFORE OTHER INCOME	(170,394)	(388,282)
OTHER INCOME		
Interest and other income	54,699	122,692
	54,699	122,692
LOSS BEFORE INCOME TAXES	(115,695)	(265,590)
Income tax benefit	—	—
NET LOSS	\$ (115,695)	\$ (265,590)

See independent accountants' compilation report.

Knopp Biosciences LLC

Combined Statement of Changes in Members' Equity - Tax Basis

	Contributed Capital	Accumulated Deficit	Members' Equity
Balance at December 31, 2022	\$ 78,510,865	\$ (72,985,759)	\$ 5,525,106
Net loss	—	(149,895)	(149,895)
Balance at March 31, 2023	\$ 78,510,865	\$ (73,135,654)	\$ 5,375,211
Net loss	—	(115,695)	(115,695)
Balance at June 30, 2023	\$ 78,510,865	\$ (73,251,349)	\$ 5,259,516

See independent accountants' compilation report.

Knopp Biosciences LLC

Combined Statement of Cash Flows - Tax Basis

	Quarter Ended June 30 2023	Six Months Ended June 30 2023
Operating activities		
Net loss	\$ (115,695)	\$ (265,590)
Adjustments to reconcile net loss to net cash used by operating activities:		
Gain on maturity of U.S. government security	(3,598)	(3,598)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(723,387)	(712,259)
Accounts payable	(2,540)	(28,354)
Net cash used by operating activities	(845,220)	(1,009,801)
Investing activities		
Proceeds from maturity of U.S. government security	200,000	200,000
Purchase of certificate of deposit	(200,000)	(200,000)
Net cash provided by investing activities	—	—
Financing activities		
	—	—
Net change in cash and cash equivalents	(845,220)	(1,009,801)
Cash and cash equivalents at beginning of period	1,459,870	1,624,451
Cash and cash equivalents at end of period	<u>\$ 614,650</u>	<u>\$ 614,650</u>

See independent accountants' compilation report.