

KNOPP BIOSCIENCES LLC AND SUBSIDIARY
COMBINED FINANCIAL STATEMENTS
TAX BASIS
Quarter and Six Months Ended June 30, 2024

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT	1
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COMBINED FINANCIAL STATEMENTS

Combined Statement of Assets, Liabilities, and Members' Equity - Tax Basis	2
Combined Statements of Revenue and Expenses - Tax Basis	3
Combined Statements of Changes in Members' Equity - Tax Basis	4
Combined Statements of Cash Flows - Tax Basis	5
Selected Information	6

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, 2024, 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
July 15, 2024

Knopp Biosciences LLC

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

	June 30 2024
Assets	
Current assets:	
Cash and cash equivalents	\$ 623,125
Investments - U.S. government securities	2,884,899
Prepaid expenses and other assets	769,728
Total current assets	4,277,752
Other assets:	
Investment - Biohaven Ltd.	75,252,089
Investment - stock warrant - Biohaven Ltd.	8,339,905
Total other assets	83,591,994
Total assets	\$ 87,869,746
Liabilities and members' equity	
Current liabilities:	
Accounts payable	\$ 31,683
Accrued expense - Biohaven Ltd. transaction costs	1,000,000
Total current liabilities	1,031,683
Members' equity:	
Contributed capital	78,510,865
Retained earnings	8,327,198
Total members' equity	86,838,063
Total liabilities and members' equity	\$ 87,869,746

See independent accountants' compilation report.

Knopp Biosciences LLC

Combined Statements of Revenue and Expenses - Tax Basis

	Quarter Ended June 30 2024	Six Months Ended June 30 2024
Revenue	\$ —	\$ —
CORPORATE EXPENSES		
Professional fees	152,882	601,352
Personnel	19,612	39,487
Other insurance	10,773	20,510
IT support, hardware and communications	7,067	13,007
Rent expense	4,784	9,568
Office supplies and postage	544	1,403
Other taxes	300	525
	<u>195,962</u>	<u>685,852</u>
TOTAL OPERATING EXPENSES	<u>195,962</u>	<u>685,852</u>
LOSS FROM OPERATIONS BEFORE OTHER INCOME (EXPENSE)	(195,962)	(685,852)
OTHER INCOME (EXPENSE)		
Gain on sale of Kv7 assets	83,591,994	83,591,994
Transaction costs - Kv7 closing	(1,000,000)	(1,000,000)
Investment and other income	49,823	60,699
	<u>82,641,817</u>	<u>82,652,693</u>
INCOME BEFORE INCOME TAXES	<u>82,445,855</u>	<u>81,966,841</u>
Income tax benefit	—	—
NET INCOME	<u>\$ 82,445,855</u>	<u>\$ 81,966,841</u>

See independent accountants' compilation report.

Knopp Biosciences LLC

Combined Statements of Changes in Members' Equity - Tax Basis

	Contributed Capital	Retained Earnings (Accumulated Deficit)	Members' Equity
Balance at December 31, 2023	\$ 78,510,865	\$ (73,639,643)	\$ 4,871,222
Net loss	—	(479,014)	(479,014)
Balance at March 31, 2024	\$ 78,510,865	\$ (74,118,657)	\$ 4,392,208
Net income	—	82,445,855	82,445,855
Balance at June 30, 2024	<u>\$ 78,510,865</u>	<u>\$ 8,327,198</u>	<u>\$ 86,838,063</u>

See independent accountants' compilation report.

Knopp Biosciences LLC

Combined Statements of Cash Flows - Tax Basis

	Quarter Ended June 30 2024	Six Months Ended June 30 2024
Operating activities		
Net income	\$ 82,445,855	\$ 81,966,841
Adjustments to reconcile net income to net cash used by operating activities:		
Gain on sale of Kv7 assets	(83,591,994)	(83,591,994)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	9,737	19,474
Accounts payable	(140,600)	(18,447)
Accrued expense	1,000,000	1,000,000
Net cash used by operating activities	(277,002)	(624,126)
Investing activities		
Proceeds from maturity of certificate of deposit	200,000	200,000
Net cash provided by investing activities	200,000	200,000
Financing activities		
	—	—
Net change in cash and cash equivalents	(77,002)	(424,126)
Cash and cash equivalents at beginning of period	700,127	1,047,251
Cash and cash equivalents at end of period	\$ 623,125	\$ 623,125

See independent accountants' compilation report.

SELECTED INFORMATION

The Company holds 1,872,874 shares of Biohaven Ltd. The shares were received as part of the proceeds from the sale of the Kv7 program. The shares are included as an asset at cost of \$75,252,089. The fair market value as of June 30, 2024 was \$65,007,457.

The Company also holds a ten-year warrant to purchase 294,195 additional shares of Biohaven Ltd. The warrant is included at the estimated fair market value of \$8,339,905.