



October 25, 2024

Re: Knopp Biosciences Distribution and Taxable Income

Dear Knopp member:

Good news! The distribution checks went out in Wednesday's postal mail and should be arriving soon. At this point, I want to alert you to an important fact about the taxable income that will be allocated to you for 2024 and on which you will need to pay tax.

Knopp is a limited liability company taxed as a partnership. In a partnership, the owners are taxed not on the amount of distributions made to them but on the taxable income allocated to them. Thus, when you are making plans for your distribution money, it's important that you reserve enough of that cash to pay your 2024 taxes.

Please be aware that there is not a one-to-one correspondence between the amount of your distribution and the amount of taxable income allocated to you. Depending on the class(es) of Knopp units you hold, **some of you will have taxable income allocated to you that is greater than the amount of your distribution. This is the case primarily with the holders of Common Units, Class P Units, and Saturn Class P Units.**

In some cases, **the taxable income allocated to you could be more than twice as high as the amount of your cash distribution.** Notwithstanding the fact that the taxable income allocated to a member may be greater than the amount of their cash distribution, the Company believes that the amount of cash distributed to a member should be at least sufficient to cover the U.S. income tax liability on such allocated taxable income.

As an illustration, an individual member owning Common Units might receive a cash distribution of \$25,000 and be allocated taxable income of \$50,000. **That member would be required to pay tax on \$50,000, not \$25,000.** Assuming an aggregate tax bracket of 30%, that member will be required to pay taxes in the amount of \$15,000. Thus, that member might want to hold back more of the cash to pay 2024 taxes than one might expect from a distribution of \$25,000. For other members, the taxable income could be about the same or less than the amount of the cash distribution.

This discrepancy occurs because both distributions and taxable income follow the distribution waterfall in section 4.2 of the Knopp operating agreement, which at various points allocates more or less in distributions and income to various classes. However, not all taxable income leads to distributions. For instance, Knopp received a warrant to purchase shares of Biohaven that resulted in roughly \$8.3 million in taxable income but did not result in a cash distribution. Nonetheless, that \$8.3 million must be included in taxable income allocated to the members. This results in taxable income flowing farther through the waterfall than distributions, which in part causes this discrepancy.

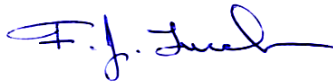
The actual income tax you will be required to pay on the taxable income allocated to you may vary with, or be contingent on, your individual circumstances (such as the existence of suspended losses or other loss carryforwards). Accordingly, you are encouraged to consult with your own tax advisor regarding the particular tax consequences arising from the allocation of taxable income to you. To help you plan for paying your taxes, Knopp has uploaded to its portal each member's 2024 distribution amount and 2024 estimated taxable income amount. The taxable income is an estimated number because the year is not over. **Please log into the Knopp portal at <https://investors.knoppbio.com>. If you need assistance accessing the portal, please reach out to Dave Winklebleck at dave@knoppbio.com or 412-488-1776.**

When you log in, you will be taken directly to a new "Distributions" page, which will show "Your October 2024 Distribution Amount" and "Your Estimated 2024 Taxable Income." By the way, we anticipate that approximately 82% of the 2024 Estimated Taxable Income will be long-term capital gain. The remainder will be short-term capital gain.

Please keep in mind that the tax situation for each member is unique. KNOPP IS NOT PROVIDING TAX ADVICE. PLEASE SHARE THE CONTENTS OF THIS LETTER WITH, AND SEEK ADVICE FROM, A TAX PROFESSIONAL REGARDING YOUR OBLIGATION TO MAKE TAX PAYMENTS FOR 2024.

Feel free to contact Charlie O'Hanlon (charlie@knoppbio.com) or me (fjlucchino@knoppbio.com) with questions, or call us at 412-488-1776.

Sincerely,

A handwritten signature in blue ink, appearing to read "F.J. Lucchino", with a stylized flourish at the end.

F.J. Lucchino
President