

KNOPP BIOSCIENCES LLC AND SUBSIDIARY  
COMBINED FINANCIAL STATEMENTS  
TAX BASIS  
Quarter and Nine Months Ended September 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 September 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 nine 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  
October 11, 2024

# Knopp Biosciences LLC

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

	<b>September 2024</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 84,383,492
Investments - U.S. government securities	2,884,899
Prepaid expenses and other assets	759,990
Total current assets	<u>88,028,381</u>
Other assets:	
Investment - stock warrant - Biohaven Ltd.	8,339,905
Total other assets	<u>8,339,905</u>
Total assets	<u><u>\$ 96,368,286</u></u>
<b>Liabilities and members' equity</b>	
Current liabilities:	
Accounts payable	\$ 15,968
Accrued expense - Biohaven Ltd. transaction costs	1,000,000
Total current liabilities	<u>1,015,968</u>
Members' equity:	
Contributed capital	78,510,865
Retained earnings	16,841,453
Total members' equity	<u>95,352,318</u>
Total liabilities and members' equity	<u><u>\$ 96,368,286</u></u>

See independent accountants' compilation report.

# Knopp Biosciences LLC

## Combined Statements of Revenue and Expenses - Tax Basis

	Quarter Ended September 30 2024	Nine Months Ended September 30 2024
Revenue	\$ —	\$ —
CORPORATE EXPENSES		
Professional fees	137,922	739,274
Personnel	20,576	60,063
Other insurance	27,365	47,875
IT support, hardware and communications	6,051	19,058
Rent expense	4,784	14,352
Office supplies and postage	730	2,133
Other taxes	—	525
	<u>197,428</u>	<u>883,280</u>
TOTAL OPERATING EXPENSES	<u>197,428</u>	<u>883,280</u>
LOSS FROM OPERATIONS BEFORE OTHER INCOME (EXPENSE)	(197,428)	(883,280)
OTHER INCOME (EXPENSE)		
Gain on sale of Kv7 assets	—	83,591,994
Gain on sale of Biohaven shares	8,622,331	8,622,331
Transaction costs - Kv7 closing	—	(1,000,000)
Investment and other income	89,352	150,051
	<u>8,711,683</u>	<u>91,364,376</u>
INCOME BEFORE INCOME TAXES	<u>8,514,255</u>	<u>90,481,096</u>
Income tax	—	—
NET INCOME	<u>\$ 8,514,255</u>	<u>\$ 90,481,096</u>

See independent accountants' compilation report.

# Knopp Biosciences LLC

## Combined Statements of Changes in Members' Equity - Tax Basis

	<b>Contributed Capital</b>	<b>Retained Earnings (Accumulated Deficit)</b>	<b>Members' Equity</b>
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	<b>\$ 78,510,865</b>	<b>\$ 8,327,198</b>	<b>\$ 86,838,063</b>
Net income	—	<b>8,514,255</b>	<b>8,514,255</b>
Balance at September 30, 2024	<b>\$ 78,510,865</b>	<b>\$ 16,841,453</b>	<b>\$ 95,352,318</b>

See independent accountants' compilation report.

# Knopp Biosciences LLC

## Combined Statements of Cash Flows - Tax Basis

	Quarter Ended September 30 2024	Nine Months Ended September 30 2024
<b>Operating activities</b>		
Net income	\$ 8,514,255	\$ 90,481,096
Adjustments to reconcile net income to net cash used by operating activities:		
Gain on sale of Kv7 assets	—	(83,591,994)
Gain on sale of Biohaven shares	(8,622,331)	(8,622,331)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	9,738	29,212
Accounts payable	(15,715)	(34,162)
Accrued expense	—	1,000,000
Net cash used by operating activities	(114,053)	(738,179)
<b>Investing activities</b>		
Proceeds from sale of Biohaven shares	83,874,420	83,874,420
Proceeds from maturity of certificate of deposit	—	200,000
Net cash provided by investing activities	83,874,420	84,074,420
<b>Financing activities</b>		
	—	—
Net change in cash and cash equivalents	83,760,367	83,336,241
Cash and cash equivalents at beginning of period	623,125	1,047,251
Cash and cash equivalents at end of period	\$ 84,383,492	\$ 84,383,492

See independent accountants' compilation report.

## SELECTED INFORMATION

The Company held 1,872,874 shares of Biohaven Ltd and were previously included as an asset at cost of \$75,252,089. The shares were received as part of the proceeds from the sale of the Kv7 program. The shares were subsequently sold in September 2024 for total cash proceeds of \$83,874,420.

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.