

GRx-B Designated Activity Company

Directors' Report and Financial Statements

For the financial year ended 31 December 2024

GRx-B Designated Activity Company

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GRx-B Designated Activity Company

Directors and other information

Directors	Jarlath Canning Michael Drew
Registered office	32 Molesworth Street Dublin 2 Ireland
Secretary	MFD Secretaries Limited 32 Molesworth Street Dublin 2 Ireland
Independent auditor	Ernst & Young Chartered Accountants Ernst & Young Building Harcourt Centre Harcourt Street Dublin 2 Ireland
Legal advisors	Maples and Calder 75 St Stephens Green Dublin 2 Ireland Freshfields Bruckhaus Deringer US LLP 601 Lexington Avenue New York, 10022 United States of America
Corporate administrator	Maples Fiduciary Services (Ireland) Limited 32 Molesworth Street Dublin 2 Ireland
Registered number	558663

GRx-B Designated Activity Company

Directors' report

The Directors present their report and the financial statements of GRx-B Designated Activity Company (the "Company") for the financial year ended 31 December 2024.

Principal activities, business review and future developments

The Company was incorporated on 9 March 2015. The Company's activities include acquiring interests in companies that invest in pharmaceutical drug royalties. The Company funds its activities by issuing notes on the Cayman Island Stock Exchange ('CSX'). The notes were delisted on 15 July 2023 and were relisted on 22 December 2023. The maturity date of the notes has been extended to 31 December 2026.

On 21 November 2023, Drug Royalty II LP 2, one of its investment entities, has been dissolved, thereby transferring its ownership in Drug Royalty II LP 1 to GRX-B Designated Activity Company.

In February 2024 DRC Springing II LLC was dissolved and the Company no longer holds an investment in this entity.

During the financial year:

- The Company made a profit after tax of USD 750 (2023: USD 750).
- The Company's fair value gain on financial assets at fair value through profit or loss for the financial year end was USD 1,534,884 (2023: loss of USD 1,812,210).
- The Company's interest expense for the financial year was USD 4,909,676 (2023: USD 4,722,443).
- The Company's investment income for the financial year was USD 4,909,676 (2023: USD 4,722,443).

The financial position of the Company is set out in page 13. Both the level of business during the financial year and the financial position at the end of the financial year were satisfactory. The Directors expect these activities to continue for the foreseeable future.

Key performance indicators

The Company's KPIs during the year were as follows:

- Investment income of USD 4,909,676 (2023: USD 4,722,443); and
- Total assets of USD 2,946,355 (2023: USD 946,121).

Results and dividends

The results for the financial year are set out in the Statement of Comprehensive Income on page 12. There was a USD 1,000 (2023: USD 1,000) profit on ordinary activities for the financial year before taxation.

The Directors did not propose to declare a dividend for the financial year ended 31 December 2024 (2023: USD Nil).

GRx-B Designated Activity Company

Directors' report (continued)

Going concern

The financial statements have been prepared on non-going concern basis. This is because the Directors anticipate that the final royalty payments from the Company's remaining investment (i.e., in Drug Royalty II LP 1) are expected to be realised until the third quarter of 2026. The intention is therefore to liquidate the Company within 12 months from the date of signing the financial statements. The notes are scheduled to mature in 2026, are limited recourse in nature and payable solely out of amounts received in respect of the financial assets of the Company.

Principal risks and uncertainties

The Company is subject to various financial risks. The key risks facing the Company and the manner in which these risks have been dealt with are disclosed in note 13 to the financial statements.

Directors and secretary and their interests

The names of the persons who were Directors at any time during the year ended 31 December 2024 are set out below. In accordance with the Articles of Association the Directors are not required to retire by rotation.

Directors

Michael Drew
Jarlath Canning

Secretary

MFD Secretaries Limited

Interests

The Directors and Company Secretary who held office on 31 December 2024, do not have any direct or beneficial interest in the shares, deferred shares, share options and debentures of the Company, or any group company at that date or during the financial year requiring disclosure pursuant to Section 329 of the Companies Act, 2014.

Transactions involving directors

There were no loans advanced to the Directors at any time during the financial year (2023: none).

During the financial year, the Company incurred a fee of USD 21,550 (2023: USD 24,869) relating to administration services (which includes the provision of two directors) provided by Maples Fiduciary Services (Ireland) Limited (the "Corporate Administrator"). These fees were paid by GRx LLC in line with the terms in an expense agreement. Jarlath Canning and Michael Drew, as employees of the Corporate Administrator, had an interest in this fee.

There were no other contracts or arrangements in relation to the business of the Company in which the Directors had any interest, as defined by the Companies Act 2014, at any time during the financial year.

GRx-B Designated Activity Company

Directors' report (continued)

Accounting records

The Directors are responsible for ensuring that adequate accounting records are kept by the Company. To achieve this, the Directors have appointed Maples Fiduciary Services (Ireland) Limited to provide accounting services, who report to the board and ensure that the requirements of Sections 281 to 285 of the Companies Act 2014, are complied with. The accounting records of the Company are maintained at its registered office.

Relevant audit information

The Directors believe they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

Political donations

The Electoral Act 1997 (as amended by the Electoral Amendment Political Funding Act 2012) requires companies to disclose all political donations over €200 in aggregate made during a financial year. The Directors on enquiry have satisfied themselves that no such donations in excess of that amount have been made by the Company during the financial year ended 31 December 2024 (2023: USD Nil).

Independent auditor

Ernst and Young, Chartered Accountants, have indicated their willingness to continue in office in accordance with Section 383(2) of the Companies Act, 2014.

Events after the reporting year

There are no significant events between the Statement of Financial Position date and the date of signing of the financial statements affecting the Company, which require adjustments to or disclosure in the financial statements.

GRx-B Designated Activity Company

Statement of Directors' Responsibilities

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.


Irish company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Under company law the directors must not approve the Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the Directors are required to:


- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board:

DocuSigned by:

45F42EB4D9E144A

Michael Drew
Director

DocuSigned by:

D188CE80DAB8A0D

Jarlath Canning
Director

Date: 3 March 2026



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRX-B DESIGNATED ACTIVITY COMPANY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of GRx-B Designated Activity Company ('the Company') for the year ended 31 December 2024, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including the material accounting policy information set out in note 3. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to listed entities, 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.

Emphasis of matter - financial statements prepared on a break-up basis

We draw attention to note 2 to the financial statements which explains that the Directors intend to liquidate the Company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a break-up basis as described in note 2. Our opinion is not modified in respect of this matter.



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INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF GRX-B DESIGNATED ACTIVITY COMPANY (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Directors
<p>Valuation of financial assets at fair value through profit or loss</p> <p>The financial assets at fair value through profit or loss represent the most significant asset in the financial statements of the Company. As at 31 December 2024, the fair value reported is US\$ 2.41 million (2023: US\$ 0.88 million) as detailed in Note 8 of the financial statements.</p> <p>As set out in Notes 3 (b) ‘Material accounting policy information’ and 14, the financial assets are measured at fair value through profit or loss and are classified as level 3 in the financial statements. The fair value is based on the net asset value of the investees.</p> <p>The fair value of the net assets is derived from projected cash flows of the underlying assets, discounted using a weighted average cost of capital. The valuation requires management judgment and the use of independent third-party data.</p> <p>We have designated this as a fraud risk as the fair value of the financial assets may be susceptible to management override of controls, due to the estimation involved.</p>	<p>In obtaining sufficient audit evidence we:</p> <ul style="list-style-type: none"> • Tested the design effectiveness of the Company’s controls over valuations of the financial assets. • Agreed the net asset value used to determine fair value to the financial statements of the respective investees. • Tested key inputs into the cash flow valuation model used to determine the fair value of the net assets of the investees, which includes the discount rate applied. • Assessed the reasonableness of the weighted average cost of capital used in the discounting of the future cash flows in the model. • Assessed the appropriateness and presentation of disclosure in the financial statements for compliance with the relevant accounting standards. 	<p>Our planned audit procedures were completed without material exception.</p>



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRX-B DESIGNATED ACTIVITY COMPANY (CONTINUED)

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

Materiality is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be US\$ 27,123 (2023: US\$ 9,461), which is 1% (2023: 1%) of total assets. We believe that total assets provides us with the most appropriate basis for materiality having considered the expectation of the users of the financial statements and the overall business environment.

Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely US\$ 20,342 (2023: US\$ 7,096). We have set performance materiality at this percentage based on our knowledge of the entity and industry, effectiveness of the control environment and our assessment of the risks associated with the engagement.

Reporting threshold

Reporting threshold is an amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Directors that we would report to them all uncorrected audit differences in excess of US\$ 1,356 (2023: US\$ 473), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRX-B DESIGNATED ACTIVITY COMPANY (CONTINUED)

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors and Other Information, Directors' Report and Statement of Directors' Responsibilities. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our Opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' Report is consistent with the financial statements; and
- the Directors' Report, other than those parts relating to sustainability reporting where required by Part 28 of the Companies Act 2014, has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRX-B DESIGNATED ACTIVITY COMPANY (CONTINUED)

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures required by sections 305 to 312 of the Act, which relate to disclosures of Directors' remuneration and transactions, are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine 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, the Directors are 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 unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 (Ireland) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud, that could reasonably be expected to have a material effect on the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. In addition, the further removed any non-compliance is from the events and transactions reflected in the financial statements, the less likely it is that our procedure will identify such non-compliance. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRX-B DESIGNATED ACTIVITY COMPANY (CONTINUED)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are Companies Act 2014 and the tax legislation governed by Irish Revenue.
- We understood how the Company is complying with those frameworks by understanding the Company's entity level controls relevant to compliance with laws and regulations. Furthermore, we performed inquiries with management, those charged with governance, and external legal counsel. We inquired as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by testing of journal entries and other adjustments in the preparation of the financial statements and reviewing significant accounting estimates for evidence of management bias.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiring with management, those charged with governance and internal legal counsel.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: https://iaasa.ie/wp-content/uploads/docs/media/IAASA/Documents/audit-standards/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Séamus Feeney'.

Séamus Feeney
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Office: Dublin

Date: 03 March 2026

GRx-B Designated Activity Company

Statement of comprehensive income for the year ended 31 December 2024

	Note	Financial year ended 31-Dec-2024 USD	Financial year ended 31-Dec-2023 USD
Revenue			
Investment income	4	4,909,676	4,722,443
Fair value gain/(losses) on financial assets at fair value through profit or loss	8	1,534,884	(1,812,210)
Other income		1,000	1,000
		6,445,560	2,911,233
Expenses			
Interest expense	4	(4,909,676)	(4,722,443)
Fair value (losses)/gains on financial liabilities at fair value through profit or loss	10	(1,534,884)	1,812,210
Profit before taxation		1,000	1,000
Income tax	6	(250)	(250)
Profit after taxation		750	750

The accompanying notes form an integral part of these financial statements.

The Company has no recognised gains or losses in the financial year other than those included within the Statement of Comprehensive Income. All items dealt with in arriving at the above result for the year ended 31 December 2024 and 31 December 2023 are related to continuing operations.

GRx-B Designated Activity Company


Statement of financial position

as at 31 December 2024


	Note	31-Dec-2024 USD	31-Dec-2023 USD
Current assets			
Financial assets at fair value through the profit and loss	8	2,411,112	876,228
Trade and other receivables	7	535,243	69,893
Total current assets		2,946,355	946,121
Total assets		2,946,355	946,121
Current liabilities			
Financial liabilities at fair value through the profit and loss	10	(2,411,112)	(876,228)
Trade and other liabilities	11	(527,742)	(63,142)
Total current liabilities		(2,938,854)	(939,370)
Equity			
Share capital	9	(1)	(1)
Retained earnings		(7,500)	(6,750)
Total equity		(7,501)	(6,751)
Total liabilities and equity		(2,946,355)	(946,121)

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board and signed on its behalf by:

DocuSigned by:

45E42E81D9E44A

Michael Drew
Director

DocuSigned by:

D786F08DAG04AD

Jarlath Canning
Director

Date: 3 March 2026

GRx-B Designated Activity Company

Statement of changes in equity *for the year ended 31 December 2024*

	Share capital USD	Retained earnings USD	Total Equity USD
Balance at 1 January 2023	1	6,000	6,001
Profit for the financial year	-	750	750
Balance at 31 December 2023	1	6,750	6,751
Balance at 1 January 2024	1	6,750	6,751
Profit for the financial year	-	750	750
Balance at 31 December 2024	1	7,500	7,501

The accompanying notes form an integral part of these financial statements.

GRx-B Designated Activity Company

Statement of cash flows

for the year ended 31 December 2024

		Financial year ended 31-Dec-2024	Financial year ended 31-Dec-2023
	Note	USD	USD
Cash flows from operating activities			
Profit on ordinary activities before taxation		1,000	1,000
Increase in other receivables		(1,000)	(1,000)
Fair value (gains)/losses on financial assets at fair value through profit and loss	8	(1,534,884)	1,812,210
Fair value losses/(gains) on financial liabilities at fair value through profit and loss	10	1,534,884	(1,812,210)
Investment income	4	(4,909,676)	(4,722,443)
Interest expense	4	4,909,676	4,722,443
Net cash flow from operating activities		<u>-</u>	<u>-</u>
Cash flows from investing activities			
Investment income received*		4,445,326	6,423,134
Return of capital from financial assets*	8	-	5,000
Cash inflows from investing activities		<u>4,445,326</u>	<u>6,428,134</u>
Cash flows from financing activities			
Interest paid*		(4,445,326)	(6,423,134)
Principal repaid*	10	-	(5,000)
Cash outflows from financing activities		<u>(4,445,326)</u>	<u>(6,428,134)</u>
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		-	-
Cash and cash equivalents at the end of the financial year		<u>-</u>	<u>-</u>

Supplemental disclosure of cash flow information:

* The cash flows relating to the return of capital from investments, investment income received and repayment of principal and interest of borrowings are shown gross as opposed to net due to the nature of the cash movements. This was to give a true representation of what the Company contractually received and paid due to all cash payments taking place through GRx LLC.

The accompanying notes form an integral part of these financial statements.

GRx-B Designated Activity Company

Notes to the financial statements

1. General information

GRx-B Designated Activity Company (the “Company”) was incorporated and registered in Ireland on 9 March 2015 with a company registration number of 558663. The Company’s registered address is 32 Molesworth Street, Dublin 2, Ireland. The Company’s activities include issuing notes and acquiring interests in companies that acquire investments in pharmaceutical drug royalties. The Company’s notes are listed on the Cayman Islands Stock Exchange (“CSX”) and the company is a Section 110 company as set out under the Taxes Consolidation Act 1997. The notes were delisted on 15 July 2023 and were relisted on 22 December 2023. On the date of relisting, the original maturity date of the notes has been extended from 23 July 2023 to 31 December 2026.

2. Basis of preparation

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, as applied in accordance with Companies Act 2014.

(b) Basis of measurement

The financial statements of the Company have been prepared on a break-up basis because the Directors anticipate that the final royalty payments from the Company's remaining investment (i.e., in Drug Royalty II LP 1) are expected to be realised until the third quarter of 2026. The intention is therefore to liquidate the Company within 12 months from the date of signing the financial statements. All assets have been written down to the lower of cost or net realisable value and liabilities have been stated at their settlement amounts, except for the following which are measured at fair value:

- Financial assets – at fair value through profit or loss
- Financial liabilities – designated as at fair value through profit or loss

While these financial assets and liabilities are measured at fair value, their valuations approximate the lower of cost and net realisable value, and expected settlement amount, respectively. Additionally, these financial assets and liabilities have been presented as current as of 31 December 2023 and 31 December 2024 as the Company’s financial statements have been prepared on a break-up basis. Furthermore, the future liquidation expenses will be borne by the ultimate parent company, GRx LLC.

(c) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant items subject to such estimates include those related to financial assets at fair value through profit and loss discussed in Note 8 and fair value estimation discussed in Note 14.

GRx-B Designated Activity Company

Notes to the financial statements

2. Basis of preparation (continued)

(c) Use of estimates and judgements (continued)

The principal uses of judgement and sources of estimation uncertainty arise with respect to the determination of the fair value of the investments in subsidiaries. Management determine the fair value to approximate the net asset value from the audited financial statements of the subsidiaries, on the basis that underlying portfolios are measured at fair value in these audited financial statements. The Directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments which are classified as financial assets at fair value through profit and loss.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(d) Functional and presentation currency

These financial statements are presented in U.S dollars (USD) which is the Company's functional currency.

(e) Going concern

The financial statements have been prepared on non-going concern basis. This is because the Directors anticipate that the final royalty payments from the Company's remaining investment (i.e., in Drug Royalty II LP 1) are expected to be realised until the third quarter of 2026. The intention is therefore to liquidate the Company within 12 months from the date of signing the financial statements. The notes scheduled to mature in 2026, are limited recourse in nature and payable solely out of amounts received in respect of the financial assets of the Company.

3. Material accounting policy information

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The comparative information presented in these financial statements are for the financial year ended 31 December 2023.

(a) Investment in subsidiaries

The Company has claimed the investment entity consolidation exemption under IFRS 10 *Consolidated Financial Statements* and pursuant to IAS 27 *Separate Financial Statements*, investments in subsidiary undertakings are measured at fair value through profit and loss.

Classification as an investment entity and basis of non – consolidation

The Company adopted “IFRS 10 – Consolidated Financial Statements”, and those provisions of IFRS 10 which provide an exemption to consolidation for entities qualifying as investment entities.

IFRS 10 defines an investment entity as an entity that;

- i) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;

GRx-B Designated Activity Company

Notes to the financial statements

3. Material accounting policy information (continued)

(a) Investment in subsidiaries (continued)

Classification as an investment entity and basis of non – consolidation (continued)

- ii) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- iii) measures and evaluates the performance of substantially all of its investments on a fair value basis.

Further, IFRS 10 notes that an investment entity displays the following characteristics;

- i) It has more than one investment, to diversify the risk portfolio and maximize returns;
- ii) It has multiple investors, who pool their funds to maximise investment opportunities;
- iii) It has investors that are not related parties of the entity; and
- iv) It has ownership interests in the form of equity or similar interests.

The Company meets the definition of an investment entity for the following reasons:

- The Company has obtained funds from the Noteholder and used these to obtain all the limited partnership and membership interests in four partnerships/entities. The funds have been invested in these entities for the purposes of obtaining income/capital appreciation in the patents which they indirectly own.
- The Company is a special purpose vehicle whose purpose is to invest funds solely for returns for the investor as all money is returned to the Noteholder. The Company is set up under S110 legislation, distributions received from the partnership are returned to the investor in the form of interest and return of loan principal. As the loans are also measured at fair value, they obtain the benefit of capital appreciation also.
- The Company's Financial Assets have been measured on a fair value basis with fair value movements going through the statement of comprehensive income.

Based on the reasons above, the Company is treated as an investment entity in accordance with the criteria of IFRS 10, and it is exempt from the consolidation its subsidiaries.

(b) Financial instruments

The financial instruments held by the Company include the following:

- Financial assets – at fair value through profit or loss;
- Trade and other receivables;
- Financial liabilities – designated as at fair value through profit or loss; and
- Trade and other liabilities

Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

GRx-B Designated Activity Company

Notes to the financial statements

3. Material accounting policy information (continued)

(b) Financial instruments (continued)

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

A financial instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables such as trade and other receivables.

Financial assets measured at fair value through profit or loss (FVTPL)

Under IFRS 9, a financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company includes in this category investment income received through its investment in its subsidiaries.

Financial liabilities

Financial liabilities measured at fair value through profit or loss (FVTPL)

Under IFRS 9, a financial liability is measured at FVTPL if it meets the definition of held for trading or if it has been designated as measured at FVTPL.

The Company includes in this category notes issued which were irrevocably designated at FVTPL at initial recognition to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

GRx-B Designated Activity Company

Notes to the financial statements

3. Material accounting policy information (continued)

(b) Financial instruments (continued)

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category trade and other payables.

Recognition

The Company recognises all financial instruments on the date at which the Company becomes a party to the contractual provisions of the instrument. Realised gains and losses on disposals are reflected as investment income in the Statement of Comprehensive Income.

Initial measurement

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Trade and other receivables and trade and other liabilities are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method, less any impairment losses for trade and other receivables.

Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified as at FVTPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in fair value gains/losses on financial assets or financial liabilities in the Statement of Comprehensive Income. Interest earned or paid on these instruments is recorded separately in interest income or expense in the Statement of Comprehensive Income.

Financial assets and financial liabilities, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets and liabilities are derecognised, as well as through the amortisation process.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

GRx-B Designated Activity Company

Notes to the financial statements

3. Material accounting policy information (continued)

(c) Fair value

The Company measures fair values using the following hierarchy of methods:

Level 1 – Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2 – Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived by prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for identical or similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The fair value of investments are approximated by the Company's percentage of the net assets of the underlying investee, whose audited financial statements are prepared on a fair value basis. The fair value of the notes issued is determined by reference to the value of the Company's assets less the value of all other liabilities of the Company.

Since the notes issued are of limited recourse, the amounts ultimately repayable to the note holders is restricted to the excess of the assets, excluding accumulated retained profits, over the other liabilities of the Company. As such, the fair value of the Notes issued is equal to the excess of the value of the assets of the Company, excluding accumulated retained profits, over the value of its liabilities.

Due to the inherent uncertainty of determining the fair value of assets that do not have a readily available fair market value, the values of the Company's assets and liabilities may differ significantly from the values that would have been used had a readily available market value existed for such assets and liabilities, and such differences could be material.

(d) Impairment

IFRS 9 allows an entity to use a simplified "provision matrix" for calculating expected losses for trade and other receivables. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The Company only holds trade receivables with no financing component and which have maturities of less than 12 months and no impairment losses resulted from the ECL model of IFRS 9.

GRx-B Designated Activity Company

Notes to the financial statements

3. Material accounting policy information (continued)

(e) Investment income

Investment income is recognised in the Statement of Comprehensive Income on an accrual basis.

(f) Interest expense

Interest expense is recognised in the Statement of Comprehensive Income on an accrual basis.

(g) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using the tax rates applicable to the Company's activities enacted or substantively enacted at the Statement of Financial Position date, and adjustments to tax payable in respect of previous periods.

Deferred taxation is accounted for, without discounting, in respect of all temporary timing differences between the carrying amount of assets and liabilities in the statement of financial position and their tax base, except as otherwise required by IAS 12 'Income Taxes'. Provision is made at the tax rates which are expected to apply in the periods in which the temporary differences reverse. Deferred tax assets are recognised only to the extent that it is considered more likely than not that they will be recovered.

(h) Foreign currency translations

Transactions, including income and expenditure, in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Statement of Comprehensive Income.

(i) New standards, amendments or interpretations effective in the current year

In preparing the financial statements, the Company adopted the following standards, interpretations and amendments which have been issued by the International Accounting Standards Board ("IASB") and have been adopted for use by the E.U. for annual reporting periods beginning on or after 1 January 2024. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

- Amendment to IFRS 7 Financial Instruments: Disclosures and IAS 7 Statement of Cash Flows- Supplier Finance Arrangements
- Amendment to IFRS 16 Leases – Lease Liability in a Sale and Leaseback
- Amendment to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

GRx-B Designated Activity Company

Notes to the financial statements

3. Material accounting policy information (continued)

(j) Accounting standards and amendments issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective 01 January 2025)
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments (effective 01 January 2026)
- Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity (effective 01 January 2026)
- Annual Improvements to IFRS Accounting Standards—Volume 11 (effective 01 January 2026)
- IFRS 18 – Presentation and Disclosure in Financial Statements (effective 01 January 2027)
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures (effective 01 January 2027)

Based on a preliminary assessment using currently available information, the Company does not expect the adoption of the above standards to have a material impact on the financial statements in the period of initial application. These preliminary assessments may be subject to changes arising from ongoing analyses when the Company adopts the standards. The Company plans to adopt the above standards on the effective date.

There are no other IFRSs or IFRS Interpretations Committee (“IFRIC”) interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements.

The Company has not adopted any other new standards or interpretations that are not mandatory.

4 Investment income and interest expense

Investment income is calculated based on the collections received from the investments, less any amounts allocated to debt repayments. The Company has recognised investment income of USD 4,909,675 during the financial year (2023: USD 4,722,443).

Interest expense is calculated based on the collections received from the investments, less any amounts allocated to the principal repayments of the notes. The Company has recognised interest expense of USD 4,909,675 during the financial year (2023: USD 4,722,443).

GRx-B Designated Activity Company

Notes to the financial statements

5 Statutory and other information

	Financial year ended 31-Dec-2024 USD	Financial year ended 31-Dec-2023 USD
Auditor's remuneration		
Audit of financial statements	37,400	36,764
	<u>37,400</u>	<u>36,764</u>

Auditors remuneration shown exclusive of value added tax ("VAT"), arises from the audit of entity financial statements.

The Company had no employees during the financial year (2023: None). Maples Fiduciary Services (Ireland) Limited (the "Corporate Administrator") acts as a Corporate Administrator to the Company.

The Directors' fee for the financial year ended 31 December 2024 was USD Nil (2023: USD Nil), refer to Note 12 for details of amounts paid to the Corporate Administrator for services which include the provision of directors.

6 Income tax

	Financial year ended 31-Dec-2024 USD	Financial year ended 31-Dec-2023 USD
Current tax	250	250
	<u>250</u>	<u>250</u>

The reconciliation of tax on profit on ordinary activities at the standard rate of Irish corporation tax to the Company's actual tax charge is analysed as follows:

	Financial year ended 31-Dec-2024 USD	Financial year ended 31-Dec-2023 USD
Profit on ordinary activities before tax	1,000	1,000
Current tax at 12.5%	125	125
<i>Effects of:</i>		
Income taxed at the higher rate	125	125
Tax charge	<u>250</u>	<u>250</u>

GRx-B Designated Activity Company

Notes to the financial statements

6 Income tax (continued)

The Company is a ‘qualifying company’ within the meaning of Section 110 of the Taxes Consolidation Act 1997. As such, the profits for the year are chargeable to corporation tax under Case III of Schedule D at a rate of 25%, but are computed in accordance with the provisions of Case I of Schedule D. The corporation tax is expected to remain at its current rate of 25% in accordance with Section 110 of the Taxes Consolidation Act, 1997.

7 Trade and other receivables

	31-Dec-2024 USD	31-Dec-2023 USD
Investment income receivable	525,243	60,893
Other receivables	10,000	9,000
	535,243	69,893

8 Financial assets at fair value through profit and loss

Below is the summary of the Company’s interests in unconsolidated structured entities as at 31 December 2024:

Subsidiary Name:	Registered office:	Business nature:	Class of shares	Proportion of ownership and voting rights	Original purchase price USD
DRC Management II LLC 1*	c/o Corporation Service Company, 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, Delaware 19808-1645	Holds general partnership interest in Drug Royalty II LP 1 which owns royalty assets relating to pharmaceutical drugs, devices and delivery technologies.	Ordinary	100%	10
DRC Management II LLC 2*	c/o Corporation Service Company, 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, Delaware 19808-1645	Holds general partnership interest in Drug Royalty II LP 2 which holds limited partnership interest in Drug Royalty II LP 1 that owns royalty assets relating to pharmaceutical drugs, devices and delivery technologies.	Ordinary	100%	1

GRx-B Designated Activity Company

Notes to the financial statements

8 Financial assets at fair value through profit and loss (continued)

Asset description:	Registered office:	Business nature:	Class of shares	Proportion of ownership and voting rights	Original purchase price USD
Drug Royalty II LP 1*	c/o Corporation Service Company, 1180 Avenue of Americas, Suite 210, New York, NY 10036	Owens royalty assets relating to pharmaceutical drugs, devices and delivery technologies.	Ordinary	100%	-
Drug Royalty II LP 2*	c/o Corporation Service Company, 1180 Avenue of Americas, Suite 210, New York, NY 10036	Holds limited partnership interest in Drug Royalty II LP 1 which owns royalty assets relating to pharmaceutical drugs, devices and delivery technologies.	Ordinary	100%	360,923,222
DRC Springing II LLC	c/o Corporation Service Company, 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, Delaware 19808-1645	To carry out all of the functions and obligations required within the terms of the Agreement with Drug Royalty II LP 1.	Ordinary	100%	1
					<u>360,923,234</u>

*On 20 November 2023, Drug Royalty II LP 2 transferred its rights and ownership on Drug Royalty II LP 1 to GRx-B Designated Activity Company. In November 2023 DRC Management II LLC 2 was dissolved and this financial asset was therefore no longer held at 31 December 2023. In February 2024 DRC Springing II LLC was dissolved and this financial asset was therefore no longer held at 31 December 2024. Also the fair value of the financial asset held with DRC Management II LLC 1 was reduced to zero at 31 December 2024.

Below is a summary of the fair value of the financial assets at 31 December 2024 and 31 December 2023:

Asset Description:	Fair value at 31-Dec-2024 USD	Fair value at 31-Dec-2023 USD
DRC Management II LLC 1	-	10
DRC Management II LLC 2	-	-
Drug Royalty II LP 2	-	-
Drug Royalty II LP 1	2,411,112	876,217
DRC Springing II LLC	-	1
	<u>2,411,112</u>	<u>876,228</u>

GRx-B Designated Activity Company

Notes to the financial statements

8 Financial assets at fair value through profit and loss (continued)

	31-Dec-2024	31-Dec-2023
	USD	USD
At the beginning of the financial year	876,228	2,693,438
Distributions	-	(5,000)
Net changes in fair value	1,534,884	(1,812,210)
At end of financial year	2,411,112	876,228

Below is a summary of the profit or loss and net assets of the unconsolidated structured entities at 31 December 2024 and 31 December 2023:

Asset Description:	Net assets		Profit or loss	
	31-Dec-2024	31-Dec-2023	31-Dec-2024	31-Dec-2023
	USD	USD	USD	USD
DRC Management II LLC 1	-	10	-	-
DRC Management II LLC 2	-	-	-	-
Drug Royalty II LP 2	-	-	-	859,571
Drug Royalty II LP 1	2,411,112	876,217	4,589,642	1,883,072
DRC Springing II LLC	-	1	-	-
	2,411,112	876,228	4,589,642	2,742,643

9 Share capital

	31-Dec-2024	31-Dec-2023
	USD	USD
<i>Authorised</i>		
100,000 ordinary shares of USD 1.00 each	100,000	100,000
<i>Allotted, called up but not yet paid</i>		
1 ordinary share of USD 1.00 each	1	1

The entire share capital of the Company is held by MaplesFS Trustees (Ireland) Limited. The ultimate beneficial owner and controlling party is GRx LLC.

The Company considers the debt securities issued as its main source of capital. The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt securities and equity balances. As a Section 110 entity, the Company's share capital is minimal and not used for financing its operating nor its investing activities. The Company is not subject to any capital regulatory requirements.

GRx-B Designated Activity Company

Notes to the financial statements

10 Financial liabilities issued at fair value through profit and loss

Financial liabilities issued are designated at fair value through profit or loss as the related financial assets are fair valued.

	31-Dec 2024	31-Dec 2023
	USD	USD
Movement in financial liabilities at fair value through profit and loss		
At the beginning of financial year	876,228	2,693,438
Repaid during the financial year	-	(5,000)
Change in fair value	1,534,884	(1,812,210)
At end of financial year	<u>2,411,112</u>	<u>876,228</u>

The remaining par notional values of the financial liabilities are as follows:

Noteholder	Payment frequency	Maturity Date	Variable Rate	31-Dec 2024	31-Dec 2023
				USD	USD
GRx LLC	Quarterly	31 December 2026	*	-	-

*Any available amounts for distribution on payment date are to be allocated to the noteholder. This facilitates for all dividends, distributions, interest, and fees received (other than return of capital) less any expense accruals excluding USD 1,000 to be accrued as interest.

The investments are pledged as security to the noteholder. The recourse of the noteholder and the other parties to the transaction documents is limited to the assets secured by the Company in favour of the noteholder and to any monies received by the Company pursuant to the transaction documents.

11 Trade and other liabilities

	31-Dec-2024	31-Dec-2023
	USD	USD
Interest payable on financial liabilities	525,242	60,892
Other payables	2,500	2,250
	<u>527,742</u>	<u>63,142</u>

GRx-B Designated Activity Company

Notes to the financial statements

12 Related parties transactions

The Corporate Administrator and Company Secretary were paid a total of USD 21,550 (2023: USD 24,869) for services (which included the provision of two directors) during the financial year. As at the period end, USD Nil (2023: USD Nil) is outstanding as payable to the Corporate Administrator. Section 305A(1)(a) of the Companies Act 2014, requires disclosure that the Corporate Administrator received USD 2,155 (2023: USD 2,487) included in the administration fees as consideration for the making available of individuals to act as directors of the Company. The terms of the corporate services agreement in place between the Company and the Corporate Administrator provide for a single fee for the provision of corporate administration services (including the making available of an individual to act as director of the Company). For the avoidance of doubt, Jarlath Canning and Michael Drew did not receive any remuneration for acting as directors of the Company.

In accordance with the terms on expense letter dated 1 April 2015, all administrative expenses are paid by GRx LLC, the ultimate controlling party. The smallest and largest group in which the financial statements of the Company are consolidated are GRx LLC. The Company had a receivable and payable with GRx LLC outstanding at financial year end of USD 10,000 and USD 2,500 respectively (2023: USD 9,000 and USD 2,250 respectively).

The company is expected to incur liquidation related expenses of approximately USD 32,167 in the future. These amounts are estimates which may be subject to change, depending on timing of the Company entering liquidation.

GRx LLC is the holder of the notes. See note 10 for further details. Please see note 4 and note 11 for the interest expense and interest payable due to GRx LLC for the 2024 financial year.

13 Financial risk management

The Company has exposure to the following risks:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Capital risk management

a) Credit risk

Credit risk is the risk of financial loss if the counterparty fails to meet its contractual obligations. The Company is indirectly exposed to credit risk through its investments, which are concentrated in the pharmaceutical and health sciences industry.

Credit risk associated with the investments' royalty agreements is managed by DRI Capital Inc. The Company and DRI Capital Inc. monitor the credit risk of the royalties through review of the fair value of the investments on an annual basis. GRx LLC indirectly monitors the credit risk of the royalties through discussions with the manager of each of the financial assets.

GRx-B Designated Activity Company

Notes to the financial statements

13 Financial risk management (continued)

a) Credit risk (continued)

The carrying value of the Company's financial assets amounting to USD 2,712,397 (2023: USD 946,121) represents the Company's direct and indirect maximum exposure to credit risk since the investments in the financial assets are equity investments which ordinarily are not subject to credit risk.

b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holding of financial instruments.

Foreign exchange risk

The Company's exposure to currency risk as at 31 December 2024 (2021: Not significant) is not significant given the majority of transactions are denominated in US dollars. An increase or decrease of 50 basis points in exchange rates as at the reporting date would have no material impact, therefore no sensitivity analysis has been presented.

Interest rate risk

The Company's exposure to interest rate risk is not significant given the terms of the profit participating notes. An increase or decrease of 50 basis points in interest rates as at the reporting date would have no material impact on the interest payable on the financial liabilities.

The interest rate profile of the Company's financial assets and financial liabilities at 31 December 2024 and 31 December 2023 is set out in the tables below:

As at 31 December 2024	Fixed rate	Floating rate	Non-interest bearing	Total
	USD	USD	bearing	carrying value
Financial assets			USD	USD
Financial assets at fair value through profit and loss	-	-	2,411,112	2,411,112
Trade and other receivables	-	-	535,243	535,243
	-	-	2,946,355	2,946,355
Financial liabilities				
Financial liabilities at fair value through profit and loss	-	(2,411,112)	-	(2,411,112)
Trade and other liabilities	-	-	(527,742)	(527,742)
	-	(2,411,112)	(527,742)	(2,946,355)

GRx-B Designated Activity Company

Notes to the financial statements

13 Financial risk management (continued)

b) Market risk (continued)

As at 31 December 2023	Fixed rate	Floating rate	Non-interest bearing	Total
	USD	USD	USD	carrying value
Financial assets	USD	USD	USD	USD
Financial assets at fair value through profit and loss	-	-	876,228	876,228
Other receivables	-	-	69,893	69,893
	-	-	946,121	946,121
Financial liabilities				
Financial liabilities at fair value through profit and loss	-	(876,228)	-	(876,228)
Other payables	-	-	(63,142)	(63,142)
	-	(876,228)	(63,142)	(939,370)

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach in managing liquidity is to seek to match the cash outflows on notes with the cash inflows from the investments.

Future interest on the notes was not included since this will be determined by future profitability and performance of the investments.

The table below shows the undiscounted contractual cash flows of the Company's financial liabilities:

Financial liabilities

As at 31 December 2024	< 1 year USD	> than 1 year but < 2 years USD	2-5 years USD	> than 5 years USD	Total expected cash flows USD	Total carrying value USD
Financial liabilities at fair value through profit and loss	-	(2,411,112)	-	-	(2,411,112)	(2,411,112)
Trade and other liabilities	(527,742)	-	-	-	(527,742)	(527,742)
	(527,742)	(2,411,112)		-	(2,938,854)	(2,938,854)
As at 31 December 2023	< 1 year USD	> than 1 year but < 2 years USD	2-5 years USD	> than 5 years USD	Total expected cash flows USD	Total carrying value USD
Financial liabilities at fair value through profit and loss	-	(876,228)	-	-	(876,228)	(876,228)
Trade and other liabilities	(63,142)	-	-	-	(63,142)	(63,142)
	(63,142)	(876,228)		-	(939,370)	(939,370)

GRx-B Designated Activity Company

Notes to the financial statements

13 Financial risk management (continued)

d) Operational risk

Operational risk is the risk of indirect or direct loss arising from a wide variety of causes associated with the Company's operations. The Company's objective is to manage operational risk and does so primarily by outsourcing all administration functions to a professional service provider. The Company was incorporated with the purpose of engaging in those activities outlined in the Directors' Report. All administration functions are outsourced to Maples Fiduciary Services (Ireland) Limited.

e) Capital risk management

The Company views the note facility in issue as its capital. The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to the noteholder. The Company is not subject to externally imposed capital requirements.

14 Fair value estimation

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at the date.

At the reporting date, the carrying amounts of financial assets and financial liabilities issued by the Company which fair values were determined directly, in full or in part, by reference to Level 1, Level 2 and Level 3 as mentioned in Note 3, are as follows:

	Level 1	Level 2	Level 3	Fair Value
	USD	USD	USD	USD
As at 31 December 2024				
Financial Assets				
Financial assets at fair value through profit and loss	-	-	2,411,112	2,411,112
Total	-	-	2,411,112	2,411,112
Financial Liabilities				
Financial liabilities at fair value through profit and loss	-	-	2,411,112	2,411,112
Total	-	-	2,411,112	2,411,112
As at 31 December 2023				
Financial Assets				
Financial assets at fair value through profit and loss	-	-	876,228	876,228
Total	-	-	876,228	876,228
Financial Liabilities				
Financial liabilities at fair value through profit and loss	-	-	876,228	876,228
Total	-	-	876,228	876,228

GRx-B Designated Activity Company

Notes to the financial statements

14 Fair value estimation (continued)

Sensitivity analysis

Level 3 financial asset prices are based on the Company's percentage ownership of the net asset values of the underlying investees. These are obtained from audited financial statements where available. Level 3 financial liabilities are based on the recoverable amount which is equal to the recoverable amount of the financial assets. If the level 3 assets were to rise in value by 10%, this would result in an increase in the fair value of the level 3 financial assets of USD 241,112 (2023: USD 87,623) with a corresponding increase in the value of the Notes issued of USD 241,112 (2023: USD 87,623). The Directors consider a 10% change to be a reasonable assessment.

There were no transfers between levels during the financial year. Where transfers between levels arise, they are deemed to occur at the date of the event or change in circumstances that caused the transfer.

The table below presents the changes in recurring fair value measurements categorised as Level 3.

	2024	2023	2024	2023
	Financial assets at fair value through profit and loss USD	Financial assets at fair value through profit and loss USD	Financial liabilities at fair value through profit and loss USD	Financial liabilities at fair value through profit and loss USD
Opening balance	876,228	2,693,438	876,228	2,693,438
Distributions/repayments	-	(5,000)	-	(5,000)
Fair value movements	1,534,884	(1,812,210)	1,534,884	(1,812,210)
Closing balance	<u>2,411,112</u>	<u>876,228</u>	<u>2,411,112</u>	<u>876,228</u>

For the financial years ended 31 December 2024 and 31 December 2023, the fair values of the trade and other receivables and trade and other payables approximate their carrying values due to their short-term nature.

For the financial year ended 31 December 2024, there were no financial assets or financial liabilities subject to enforceable master netting arrangement or similar arrangement which would require disclosure.

15 Trustee

The entire share capital of the Company is held by MaplesFS Trustees Ireland Limited and is held in trust for the benefit of a charity under the terms of the Declaration of Trust.

GRx-B Designated Activity Company

Notes to the financial statements

16 Events after the reporting year

There are no other significant events between Statement of Financial Position date and the date of signing of the financial statements affecting the Company, which require adjustments to or disclosure in the financial statements.

17 Approval of financial statements

The Board of Directors approved these financial statements on 3 March 2026.