



# ADVANCING SCIENCE

in the Fast-Growing Pharmaceutical and Biotechnology Sector

November 2022

# Disclaimer

Certain statements made in this presentation, including responses to questions, may contain forward-looking statements within the meaning of the safe harbor provisions of Canadian provincial securities laws. Forward-looking statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements.

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All dollar figures in this presentation are stated in US dollars.

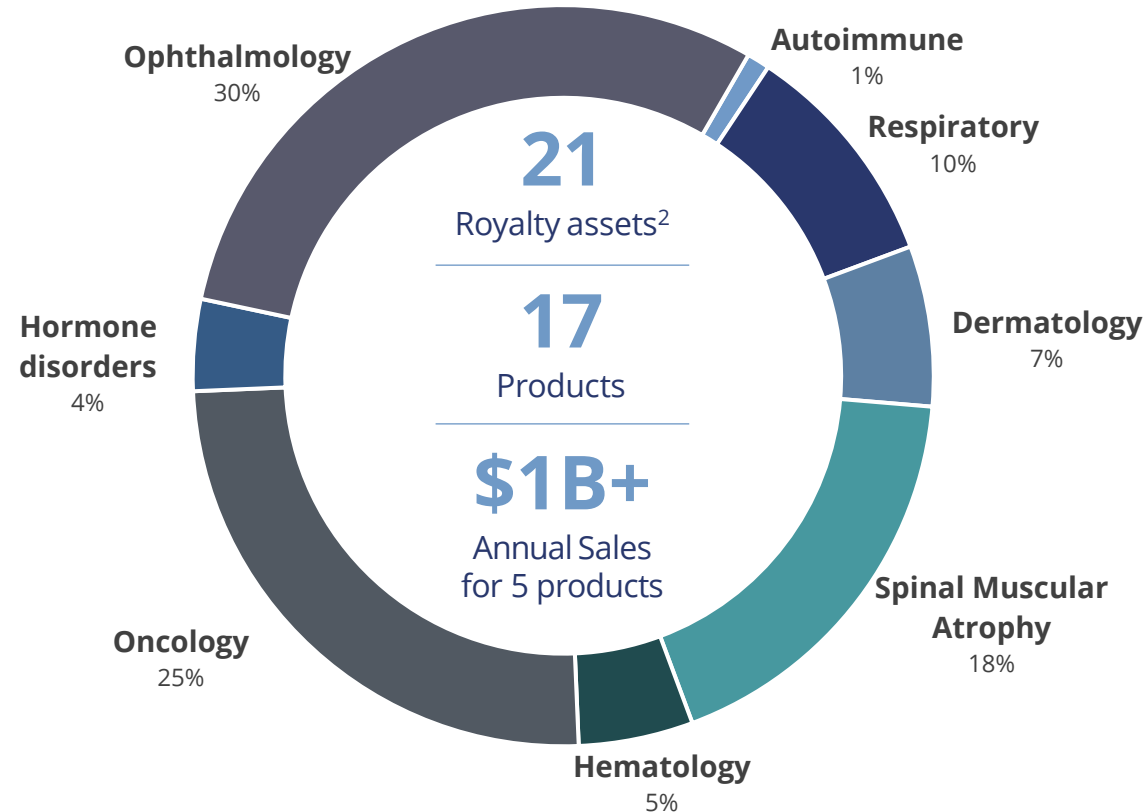
# Low risk exposure to rapid biopharma growth

**33-year<sup>1</sup>**  
history

**\$2B+**  
capital deployed

**67**  
royalty acquisitions

**6,500+**  
royalty opportunities in  
proprietary database



Therapeutic area allocation based on net book value pro forma as at September 30, 2022.

12 months ended September 30, 2022

**\$93M**  
Total Income

**\$87M**  
Adjusted EBITDA

**86%**  
Adjusted EBITDA Margin

**\$345M<sup>3</sup>**  
Capital deployed  
since IPO

Diverse portfolio with large pharmaceutical company characteristics

# A leading acquirer of pharmaceutical royalties

**1 Strong track record** of delivering high teens returns to investors over 16 years

**2 Disciplined deployment** has poised the company to show strong cash flow growth through 2025 and beyond





**3 Compounding growth** driven by the unique ability to reinvest free cash flow in attractive deals

**4 Seasoned team** of specialized investment professionals with life science backgrounds and advanced degrees

**5 Unique market intelligence** from 30+ years of investing experience

**6 Attractive business model** to generate robust cash flows without exposure to industry risks

# Track record of delivering growth and value

Drug Royalty I 2006 – 2008	Drug Royalty II 2009 – 2013	Drug Royalty III 2013 – 2018	Public Listing 2021 - present
<p>19 New Royalties valued at <b>\$645M</b></p>	<p>27 New Royalties valued at <b>\$730M<sup>1</sup></b></p>	<p>15 New Royalties valued at <b>\$586M</b></p>	<p>7 New Royalties &amp; 1 Loan valued at up to <b>\$401M<sup>2</sup></b></p>
<p>IRR <b>18.8%</b></p>	<p>IRR <b>17.5%</b></p>	<p>IRR <b>20.2%</b></p>	<p>Current Yield<sup>3</sup> <b>&gt;5%</b></p>
			

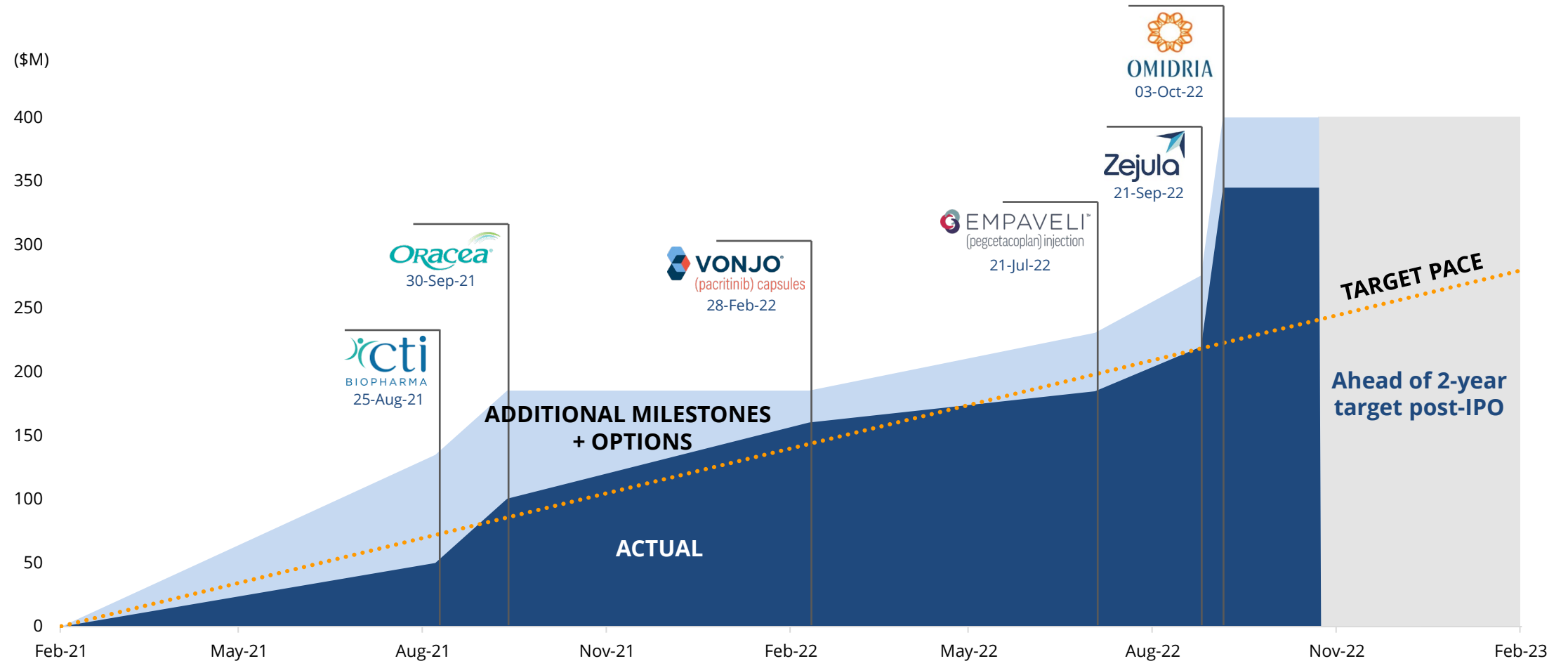
Consistent track record of efficient capital deployment at high returns

# Delivering on our long-term strategy

	At IPO	Today	2025 target
Capital deployment	\$650 – 750 million over 5 years	\$345 million deployed + \$56 million in milestones and options	Exceed top end of initial target range
Sustainable cash generation	Declining cash curve due to expected asset expiries	Flat to slightly growing cash flows through till 2025 without any new deals	7% - 9% annual royalty receipt growth
Portfolio duration	8 years	>9 years	>10 years
Capital resources	IPO proceeds and debt capacity	Attractive credit facilities with compounding effect of cash flows	Expanded credit facilities with compounding effect of cash flows

Focus on building long-term and sustainable strategic growth

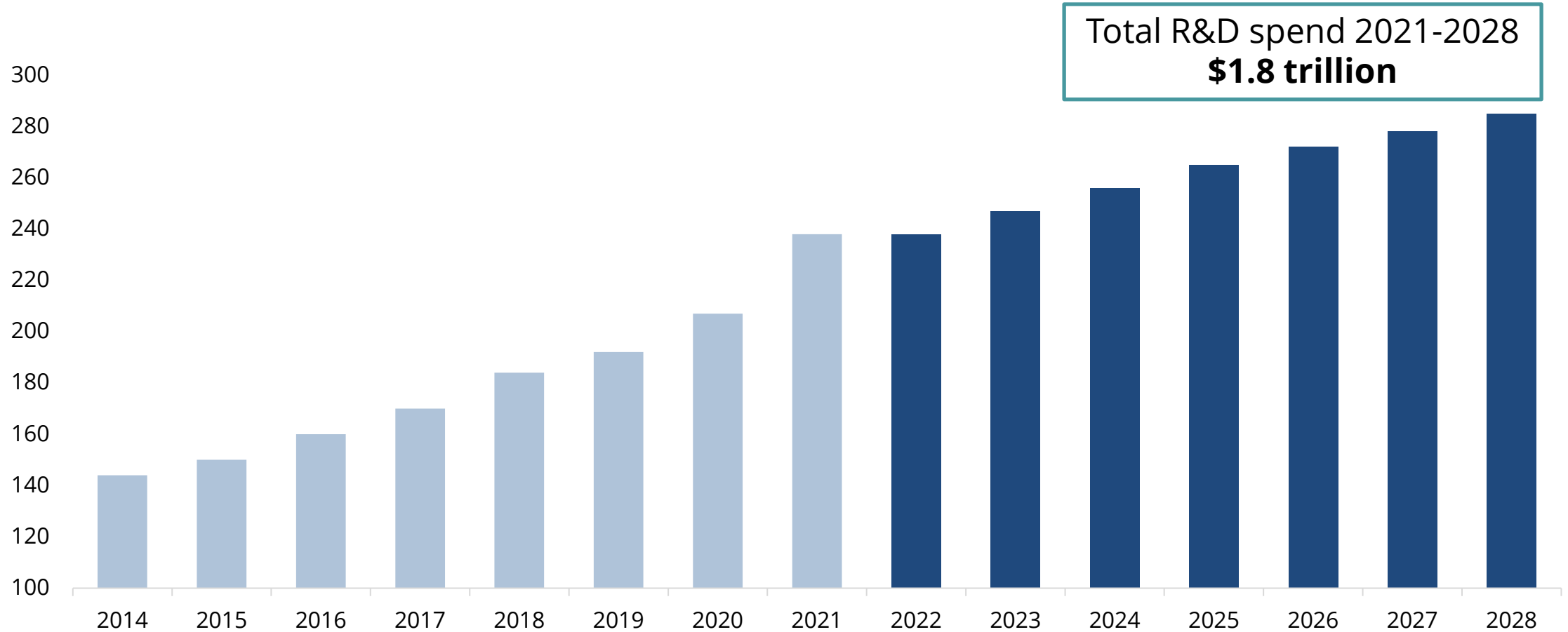
# Current deployment exceeds targets



Successful execution of IPO strategy

# Industry requires significant cash for R&D

Worldwide Total Pharmaceutical R&D Spend (\$B)<sup>1</sup>

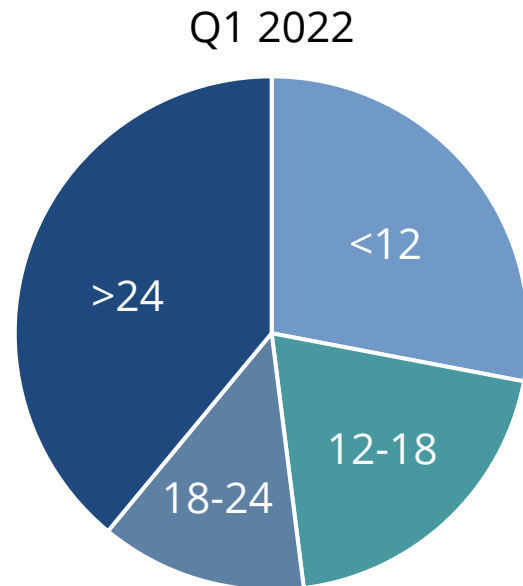


Expected annual R&D expenditure in excess of \$350B across the life sciences value chain<sup>2</sup>

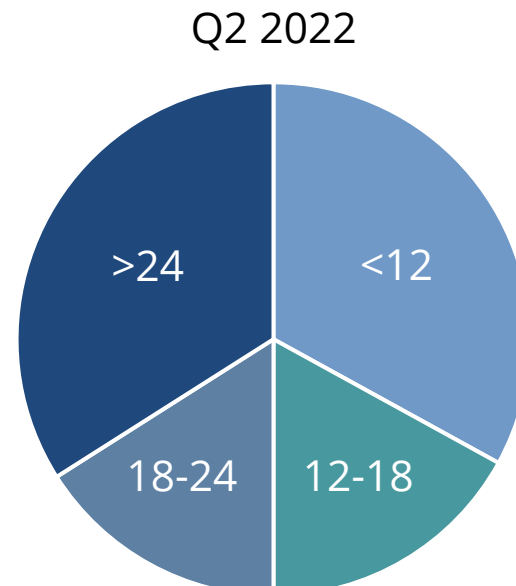


# Biotechs' limited cash reserves

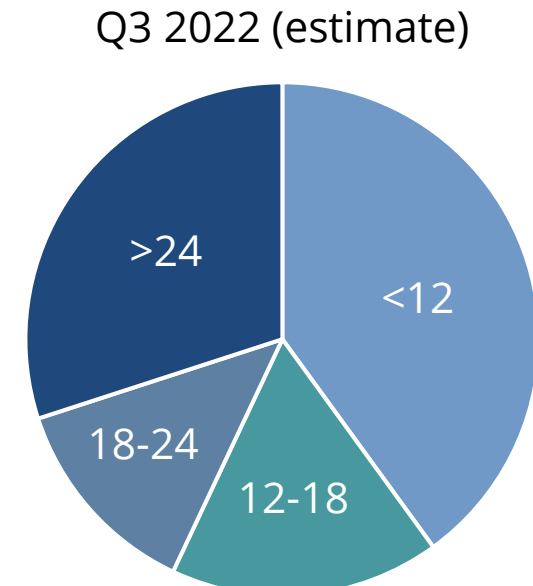
## Cash Runway for Unprofitable Biotechs (months)



>24 months = 39%  
<12 months = 28%



>24 months = 34%  
<12 months = 33%



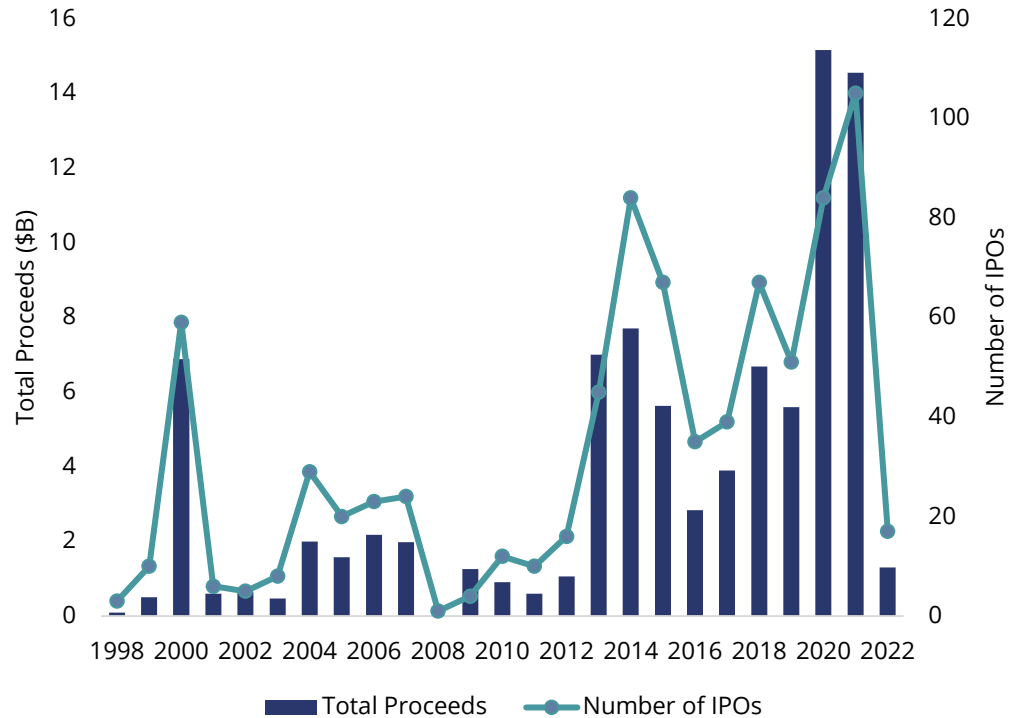
>24 months = 30%  
<12 months = 40%

**70%** of unprofitable NASDAQ-listed biotechs are estimated to have <2 years of cash

Tightening cash reserves highlight need to seek royalty-based financing

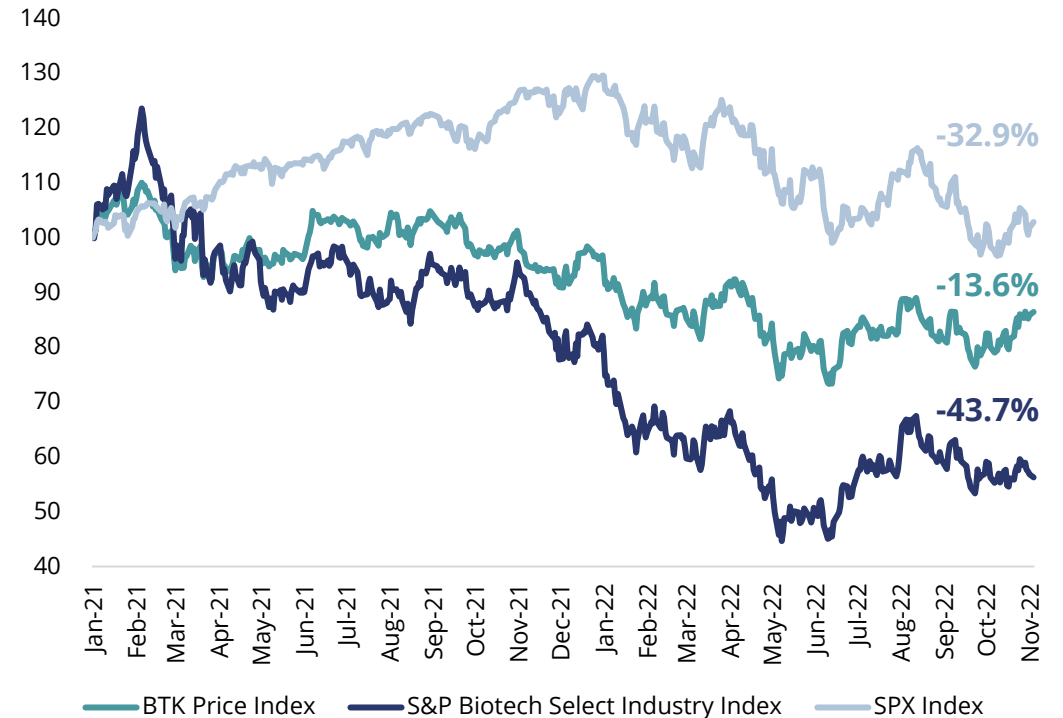
# State of the biotech market

## Biotech IPOs<sup>1</sup>



**Rapid expansion of biotech market with >500 IPOs in last 10 years**

## Biotech Equities Performance<sup>2</sup>



**Struggling equity capital markets for biotechs**






Creates an environment where a large amount of capital is required, making DRI's royalty financing very attractive

# Creating win-win deals for multiple counterparties



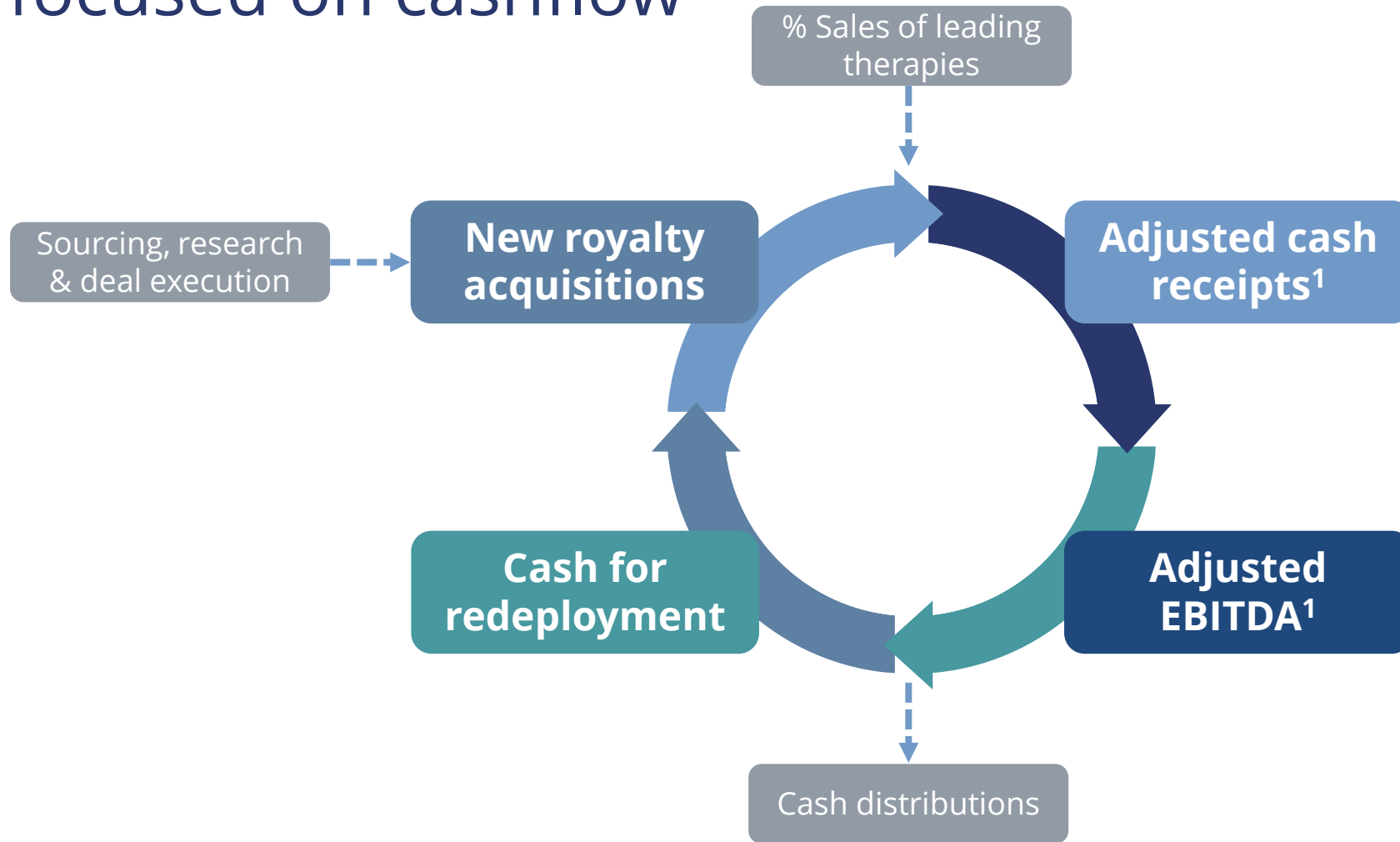
A proven and repeatable asset identification, selection and execution process

# Proven track record of sourcing and closing accretive transactions

	Investment Thesis	Transaction Size
	High-quality oncology product with strong growth potential	\$110.0 million + \$25.0 million in potential milestones
	Dermatology product with existing commercial track record	\$50.5 million
	Hematology product with long-term horizon and attractive growth prospects	\$24.5 million + \$21.0 million option
	High-quality oncology product with multiple pipeline indications	\$35.0 million + \$10.0 million in potential milestone
	Structured transaction on established product providing cash accretion	\$125 million

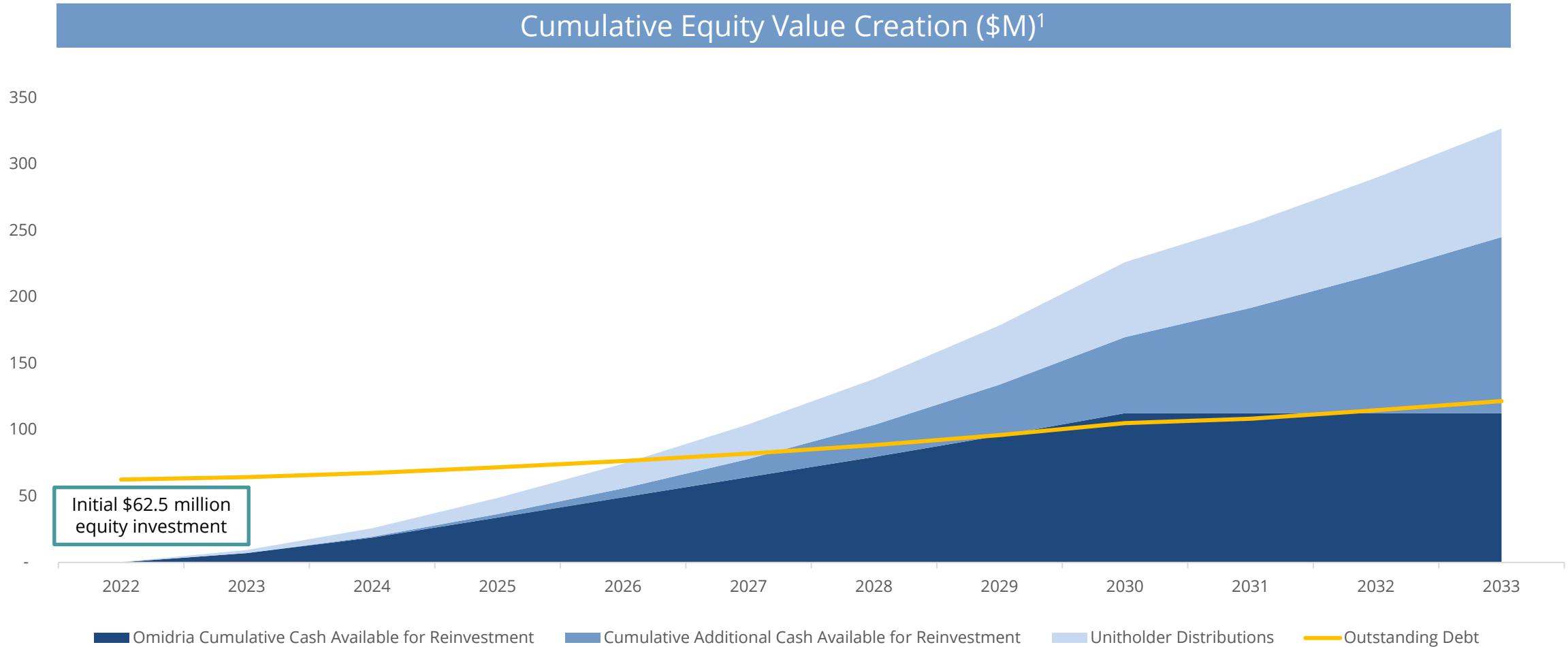
Completed five transactions since IPO totaling up to \$401 million, with \$345 million deployed to date

# Sustainable and efficient business model focused on cashflow



Diversified portfolio generates significant cash to deploy to new royalties and investors

# Sustainable growth in cash flows and shareholder returns

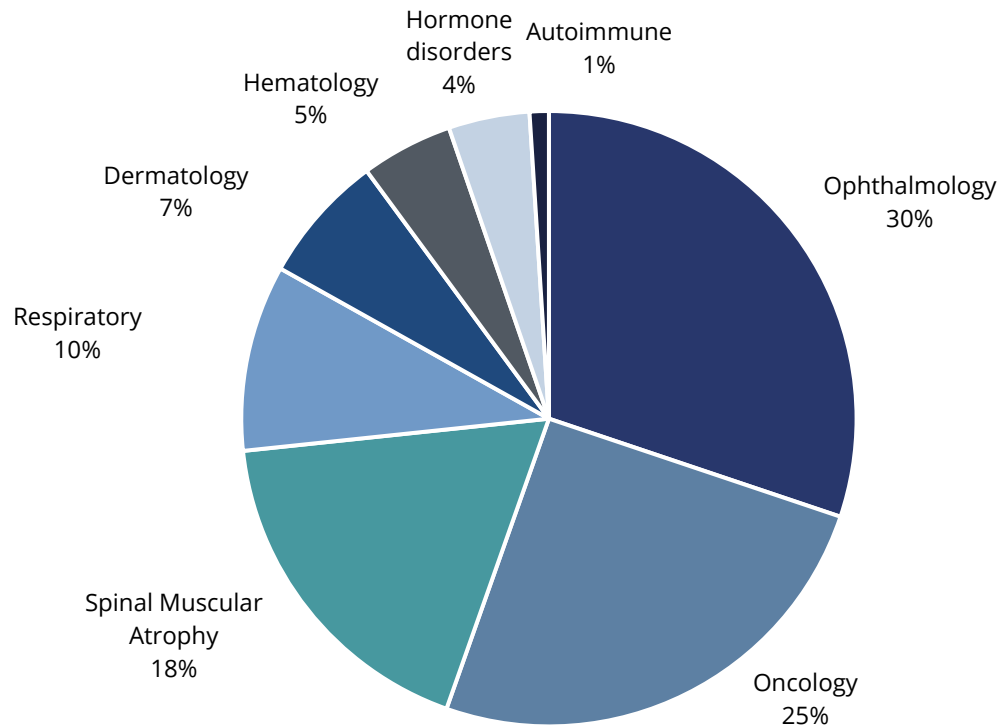


Reinvestment of cash flow generates significant equity value over the long-term

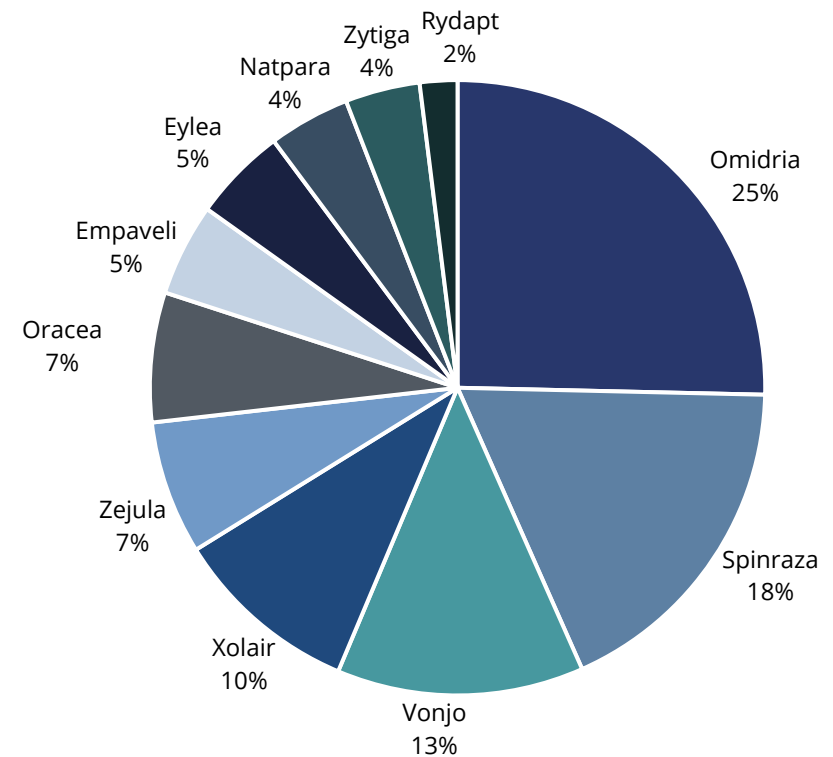
1. Assumes cash flow is reinvested in deals with identical parameters to Omidria transaction using 20% debt/purchase price at 5%. Analysis based on allocated debt/purchase price of 50% on initial Omidria transactions. Assumes unitholder distributions equal to 25% of available cash flow

# Robust diversified portfolio

By Therapeutic Area<sup>1</sup>



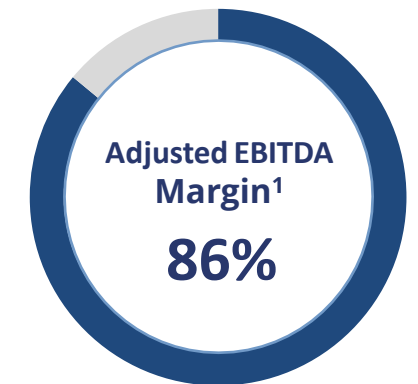
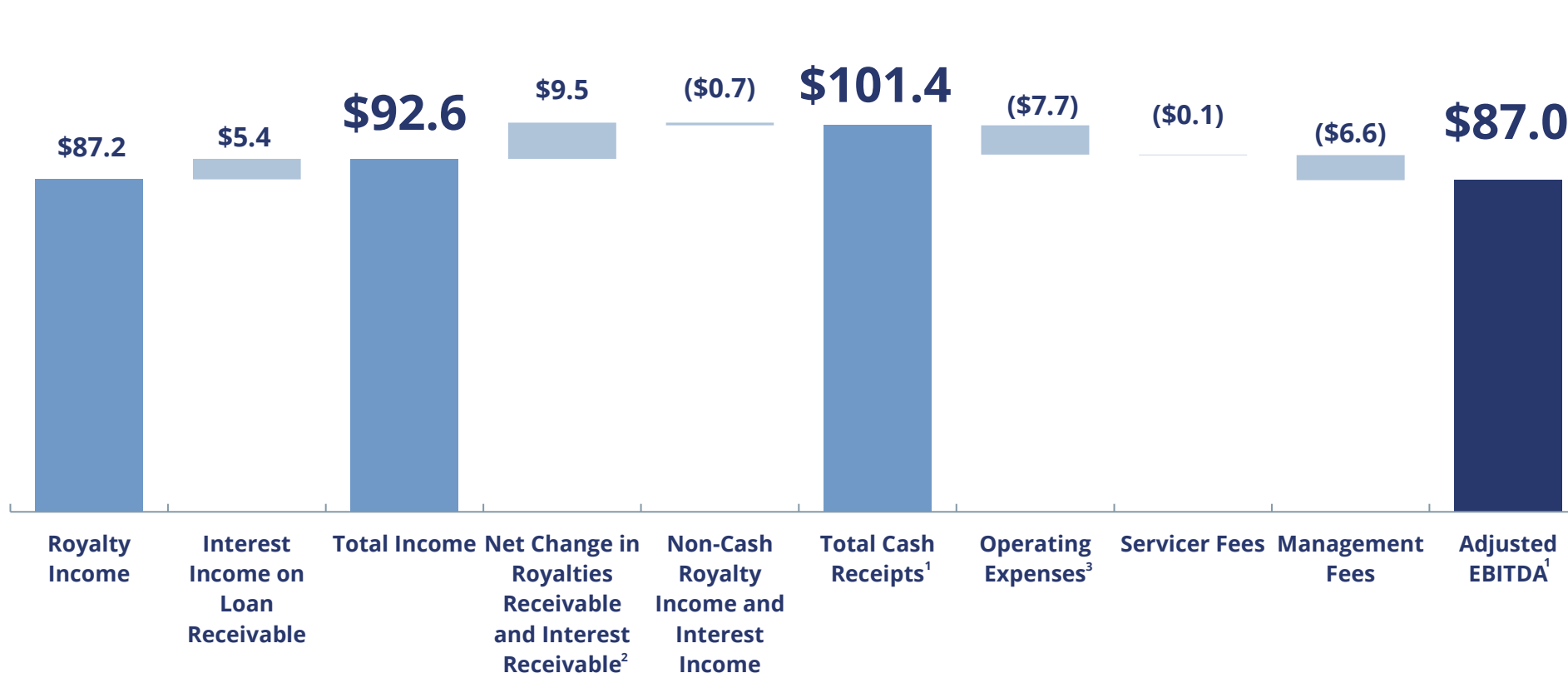
By Product<sup>1</sup>



No individual product accounts for more than 25% of net book value

# Strong cash generation

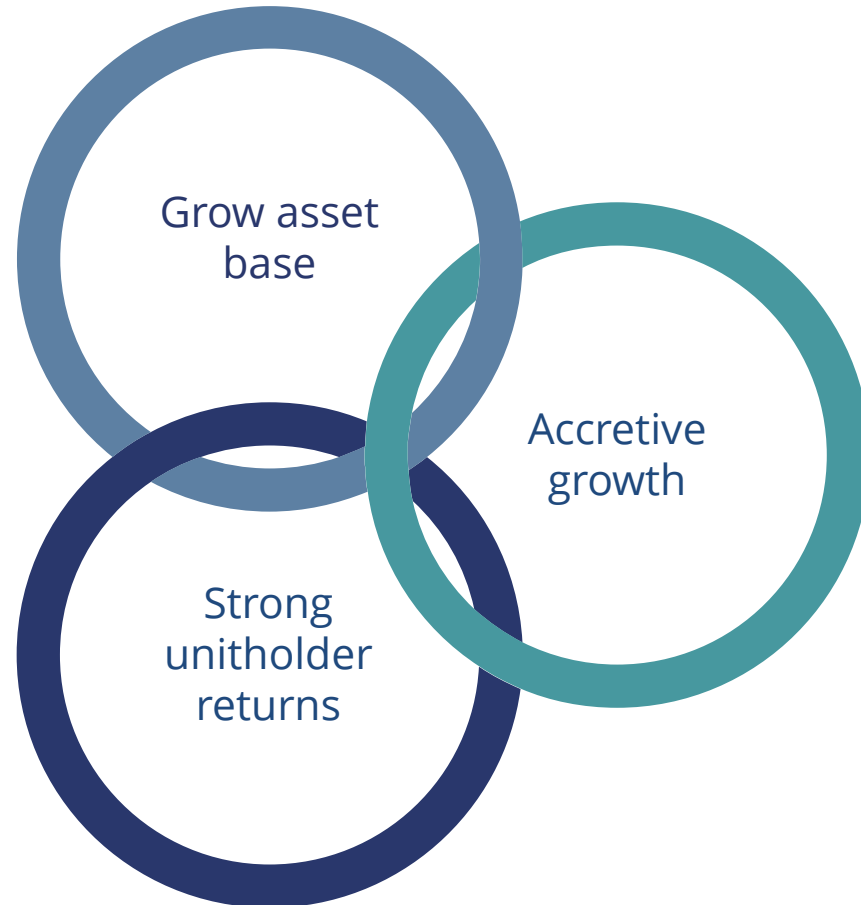
Adjusted EBITDA for the Last Twelve Months Ended September 30, 2022 (\$M)<sup>1</sup>



Cash available to drive portfolio growth and maintain distributions to unitholders



# Our key priorities



**Execute on strong pipeline to acquire royalties on high-quality assets that meet our investment criteria**

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**Focus on long-term, sustainable growth in top line royalty receipts and cash flow per unit**

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**Continue focus on unitholder returns and appropriate distribution policy**



# Contact Us

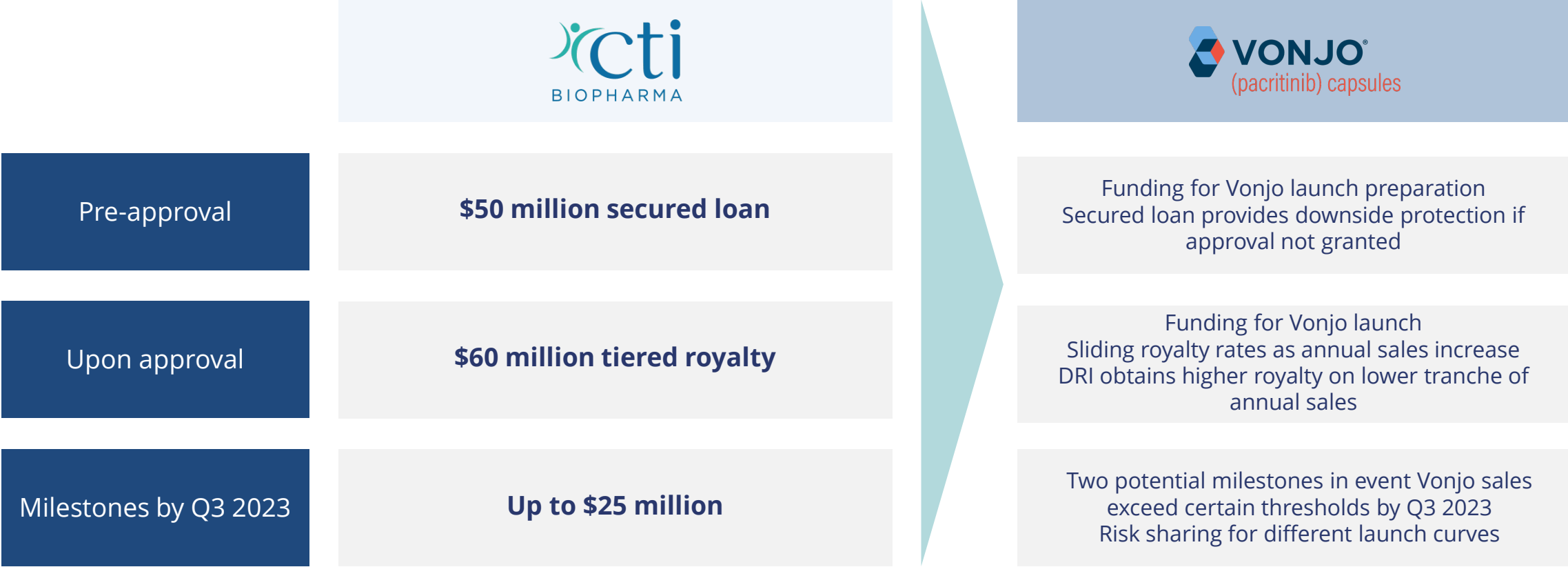
Dave Levine

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# Appendix



# Deal structure case study: CTI BioPharma / Vonjo



Proven ability to provide flexibility in deal structuring while managing risk


# Empaveli royalty transaction

## TRANSACTION HIGHLIGHTS

**\$24.5 million purchase price**

**<1% royalty on worldwide net sales up to \$500 million per annum**

**Option to increase the annual sales cap to \$1.1 billion in return for a one-time payment of \$21 million**



**EMPAVELI™**  
(pegcetacoplan) injection  
1080 mg/20 mL solution

## STRONG GROWTH POTENTIAL

**Empaveli (pegcetacoplan, marketed as Aspaveli in EU) represents a significant advancement in the standard of care for paroxysmal nocturnal hemoglobinuria**

**Pegcetacoplan is also in development for pipeline indications including Geographic Atrophy ("GA"), Cold Agglutinin Disease and C3 glomerulopathy**

**PDUFA date for GA indication expected in February 2023**

Long-term horizon and attractive growth prospects

# Zejula royalty transaction

## TRANSACTION HIGHLIGHTS

**\$35 Million up front purchase price**

**0.5% net royalty on worldwide net sales by GSK**

**Royalties collected on 1-quarter lag**



## STRONG GROWTH POTENTIAL

**\$10 million milestone payment if Zejula is approved by FDA for the treatment of endometrial cancer by December 21, 2025**

**In development for metastatic castrate sensitive and resistant prostate cancer, endometrial cancer, HER2-breast cancer, and non-small cell lung cancer**

**Royalty term expected to continue for at least another 10 years world wide**

Multiple indications in development represent a pipeline in a product

# Omidria royalty transaction

## TRANSACTION HIGHLIGHTS

**\$125 Million up front purchase price, subject to annual cash receipt caps**

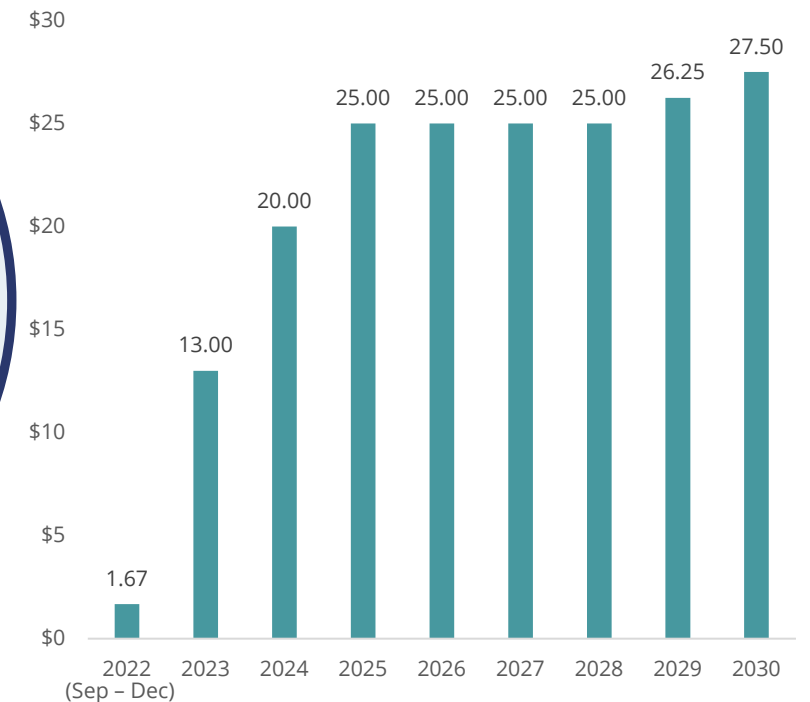
**Approved for intracameral use during cataract surgery or intraocular lens replacement**

**Marketed by Rayner Surgical with royalties collected monthly**



## STRUCTURED GROWTH

Annual Royalty Receipt Caps (\$M)



Substantial near-term cash flows with long-term structural growth