

The logo for DRIHEALTHCARE features a teal plus sign to the left of the word "DRIHEALTHCARE" in a bold, dark blue, sans-serif font.

# DRIHEALTHCARE

The background of the banner is a light blue gradient with a hexagonal pattern. It features several circular icons: a plus sign, a test tube, a caduceus, and a pill.

# ADVANCING SCIENCE

in the Fast-Growing Pharmaceutical and Biotechnology Sector

Q1 2023 Earnings Call | May 12, 2023

# Disclaimer

This presentation has been prepared by DRI Healthcare Trust (the “Trust”). The Trust is an unincorporated open-ended fund trust governed by the laws of the Province of Ontario, Canada and is externally managed by DRI Capital Inc. (“DRI Capital” or the “Manager” and together with the Trust, “DRI Healthcare”). The Trust completed an initial public offering (the “IPO”) on February 11, 2021 in which it acquired an initial portfolio of royalty assets from DRI Capital. The predecessor of the Manager was founded in 1989. Any references to employees or historical figures prior to the IPO refer to those of the Manager.

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.

Statements regarding the Trust's 2025 outlook are based on its most up-to-date view of its prospects as of the date of this presentation. This long-term outlook includes potential royalty transactions currently in the Trust's pipeline and future royalty transactions that it may bring into its pipeline in accordance with its strict investment criteria. This long-term outlook assumes no material adverse events following the date of this presentation.

For additional information about factors that may cause actual results to differ materially from expectations, and about material factors or assumptions applied in making forward-looking statements, please consult the MD&A, the Risk Factors section of the Annual Information Form and DRI Healthcare Trust's other filings with Canadian securities regulators. DRI Healthcare Trust does not undertake to update any forward-looking statements; such statements speak only as of the date made.

This presentation also makes reference to certain non-GAAP financial measures including Total Cash Receipts, Total Cash Royalty Receipts and Adjusted EBITDA, and certain non-GAAP ratios including Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit. These measures and ratios are not standardized measures under IFRS and are therefore unlikely to be comparable to similar financial measures disclosed by other issuers. Rather, these measures and ratios are provided as additional information to complement those IFRS measures by providing further understanding of DRI Healthcare Trust's financial performance from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS.

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

# Q1 highlights

## 1 Execution

Closed preferred security offering providing additional capacity

## 2 Growth

Deployed \$100 million to fund Tzielid royalty transaction

Robust and active pipeline

## 3 Returns

Declared distribution of \$0.075 per unit

\$1.7 million in NCIB unit buybacks

# Q1 financial highlights

**\$25.0 million**

Total Cash Receipts<sup>1</sup>

**\$28.2 million**

Total Income

**\$21.4 million**

Adjusted EBITDA<sup>1</sup>

**86%**

Adjusted EBITDA Margin<sup>1</sup>

**\$0.49**

Adjusted Cash Earnings per  
Unit<sup>1</sup>

**\$0.075**

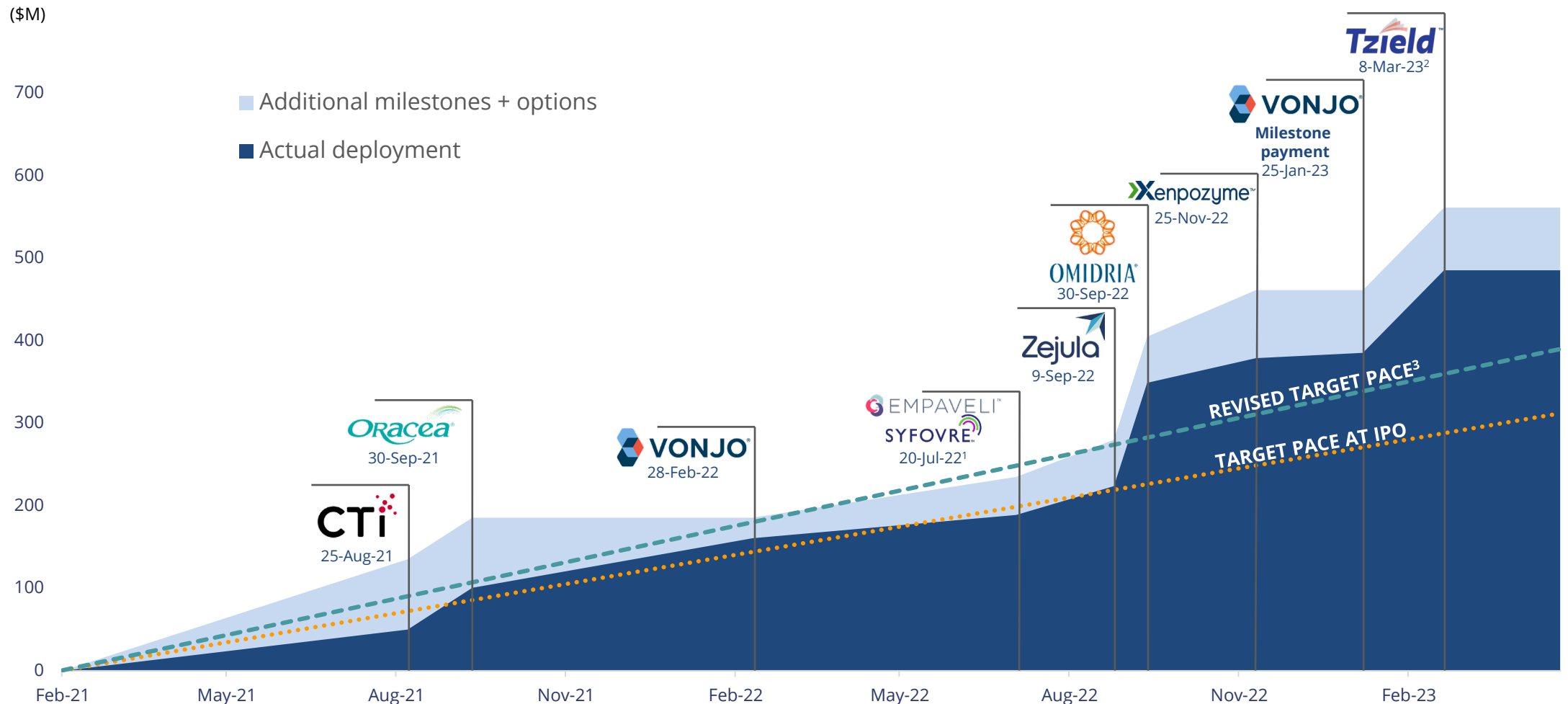
Declared Cash Distributions  
per Unit

# Delivering on our long-term objectives

	At IPO	Today <sup>1</sup>	2025 target <sup>2</sup>
Capital deployment	\$650 – 750 million over 5 years	\$485 million deployed to date + \$76 million in milestones and options	Revised deployment target of \$850 – 900 million
Sustainable cash generation	Declining cash curve due to expected asset expiries	Flat to slightly growing cash receipts through 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



Deployment pace and need for capital by counterparties → 5 year deployment target increased to \$850 – 900 million<sup>3</sup>

1. Includes \$24.5 million royalty acquired on July 20, 2022 and \$3.7 million royalty acquired from a separate counterparty on April 3, 2023.  
 2. We sold our interest in Tziel on April 27, 2023 to an affiliate of Sanofi SA ("Sanofi").  
 3. Deployment target is consistent with historical deployment since IPO, combined with assumed future capital availability based on forecasted royalty receipts and credit capacity. Forecasted royalty receipts take into account the existing assets in our portfolio and future execution of transactions in our pipeline of opportunities at a pace consistent with our past performance.

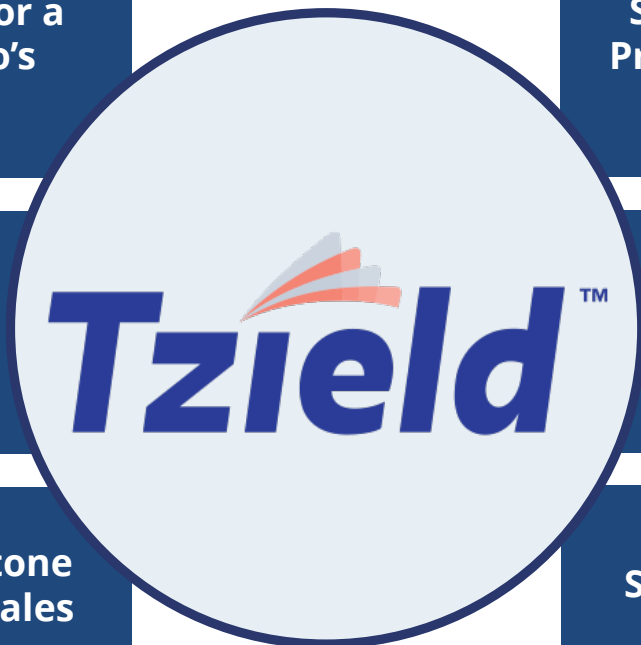
# Tziield royalty transactions

## ACQUISITION FROM MACROGENICS

\$100 million up front purchase price for a single digit royalty on Provention Bio's worldwide net sales

Up to a \$50 million potential milestone tied to the successful advancement of treatment of newly diagnosed or recent-onset Type 1 diabetes by 2028

Additional \$50 million potential milestone payment based on exceeding certain sales thresholds



## SALE TO SANOFI

Sanofi announced agreement to acquire Provention Bio days after DRI Healthcare's acquisition of the royalty

\$210 million up front sale for DRI's royalty entitlement

Sanofi is now obligated to pay up to \$100 million in milestones

Allows for reinvesting of proceeds to generate compounding effect

# Use of Proceeds from Tziel Sale



## Special Distribution

### Return capital directly to unitholders

- Special cash distribution of \$20 million
- Payable on July 20, 2023 to unitholders of record as of June 30, 2023
- Will be paid in addition to our regular quarterly distribution



## Debt Repayment

### Pay down revolving acquisition credit facility

- Outstanding amount on revolving facility will be paid
- Minimizes ongoing interest expense
- Maintains flexibility to draw on the facility as needed to fund future acquisitions



## Dry Powder

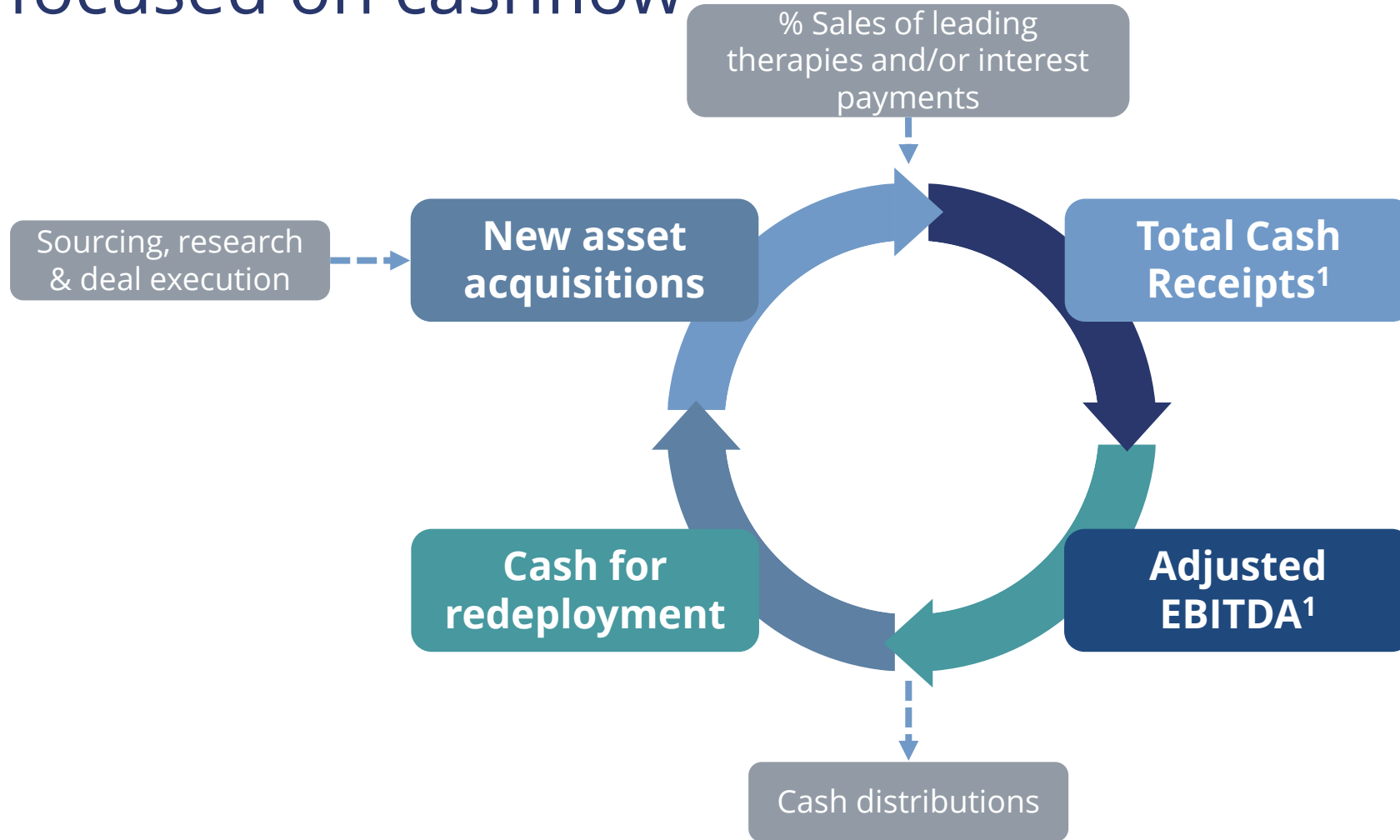
### Capital deployment capacity

- Significant cash and credit available to continue funding life science innovation
- Robust pipeline of attractive deals provides significant opportunity

Transaction generates compounding returns for unitholders



# Sustainable and efficient business model focused on cashflow



Business model allows for continuous compounding of cash flows

# Robust pipeline

\$2.0 billion in near-term opportunities

Address important unmet needs with life-changing therapies for patients

Marketed by leading biotech or biopharma companies

Provides strong intellectual property and regulatory protection

Further portfolio diversification and extension with attractive returns

All deals in the pipeline meet or exceed strict investment criteria

# Portfolio performance

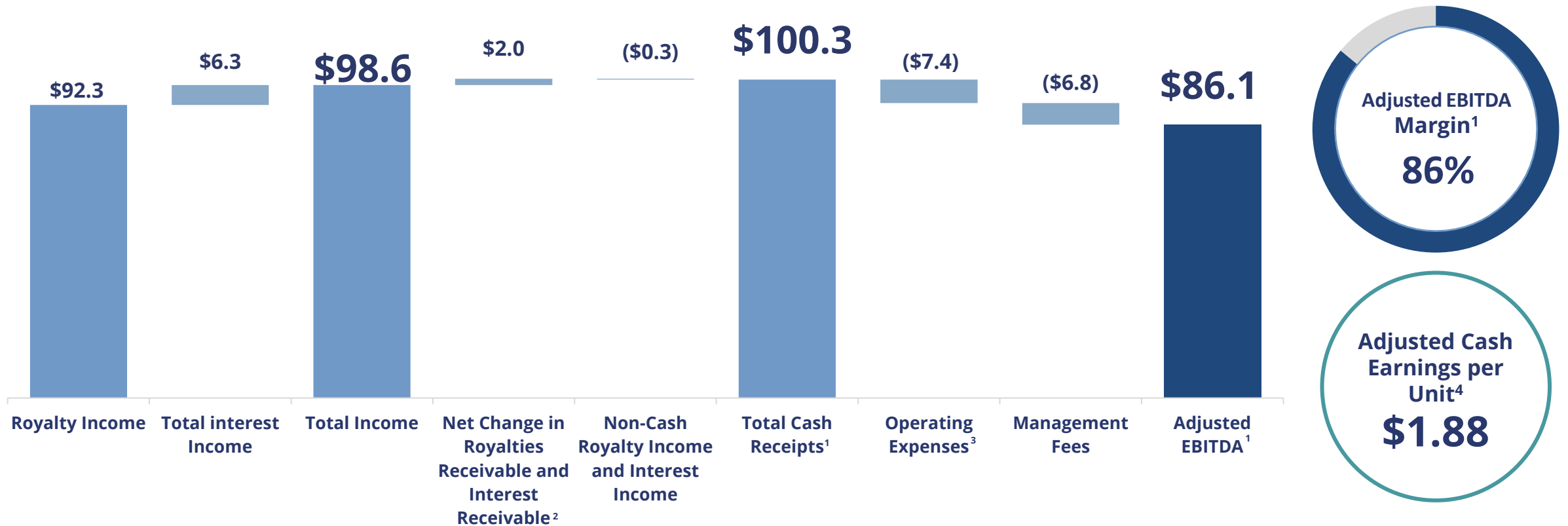
(US\$ thousands)		Primary Marketer(s)	Therapeutic Area	Total Cash Royalty Receipts <sup>1</sup>					
				Q1 2023	Q1 2022	% Change	Q4 2022	% Change	
EMPAVELI <sup>2</sup> SYFOVRE <sup>2</sup>		Apellis	sobi	Hematology / Ophthalmology	187	-	n/a	269	(30%)
EYLEA <sup>2</sup>		REGENERON Santen	BAYER	Ophthalmology	2,498	2,946	(15%)	2,697	(7%)
FluMist Quadrivalent		AstraZeneca		Influenza	1,445	2,218	(35%)	734	97%
Natpara <sup>2</sup>		Takeda		Endocrinology	611	673	(9%)	575	6%
OMIDRIA <sup>2</sup>		Rayner		Ophthalmology	3,250	-	n/a	1,670	95%
ORACEA <sup>2</sup>		GALDERMA		Dermatology	2,021	1,749	16%	1,845	10%
RYDAPT <sup>2</sup>		NOVARTIS		Oncology	2,803	2,963	(5%)	2,226	26%
SPINRAZA <sup>2</sup>		Biogen		Neurology	4,106	4,278	(4%)	3,879	6%
Stelara <sup>2</sup> Simponi <sup>2</sup> ILARIS <sup>2</sup>		Johnson & Johnson NOVARTIS	MERCK Mitsubishi Tanabe	Autoimmune Diseases	451	1,810	(75%)	597	(24%)
VONJO <sup>2</sup>		CTI		Oncology	2,024	-	n/a	1,751	16%
Xenpozyme <sup>-2</sup>		sanofi		Lysosomal Storage Disorder	-	-	n/a	-	n/a
Xolair <sup>2</sup>		Roche	NOVARTIS	Respiratory	2,538	2,641	(4%)	3,019	(16%)
Zejula <sup>2</sup>		gsk		Oncology	742	-	n/a	692	7%
Zytiga <sup>3</sup>		Johnson & Johnson AstraZeneca		Oncology	-	-	n/a	9,101	(100%)
Other Products <sup>4</sup>		Various		Various	682	424	61%	562	21%
<b>Total Cash Royalty Receipts<sup>1</sup></b>					<b>\$23,358</b>	<b>\$19,702</b>	<b>19%</b>	<b>\$29,617</b>	<b>(21%)</b>

## DHT's assets have continued to show strong performance

1. Total Cash Receipts and Adjusted EBITDA are non-GAAP measures. Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit is a non-GAAP ratio. See "Financial Review: Non-GAAP Financial Measures" in our MD&A, which includes a reconciliation of IFRS to non-GAAP measures. The MD&A is available on SEDAR at [www.sedar.com](http://www.sedar.com)
2. The Trust completed the transaction in respect of Xenpozyme during the fourth quarter of 2022. In accordance with the terms of the royalty agreements, cash royalty receipts are collected on a two-quarter lag from the respective half-year period.
3. Cash royalties from Zytiga are received a semi-annual basis during the second and fourth quarters of the year.
4. Other Products includes royalty income from certain other royalty assets as well as royalty assets which are fully amortized and, where applicable, the entitlements to which have generally expired.

# Strong cash generation

Adjusted EBITDA for the Last Twelve Months Ended March 31, 2023 (\$M)<sup>1</sup>



Cash available to drive portfolio growth and maintain distributions to unitholders

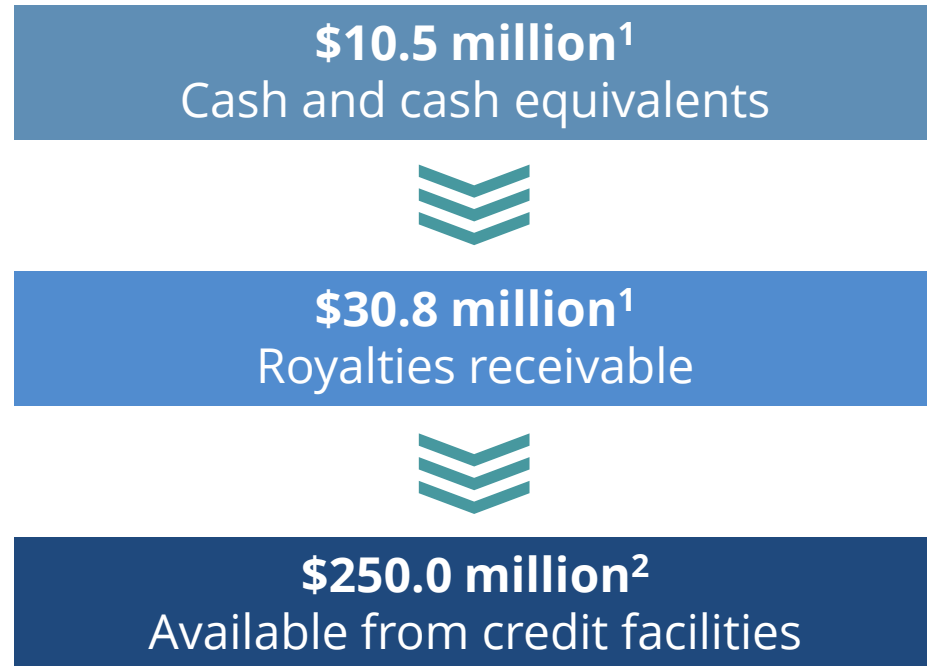
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2. The Net Change in Royalties Receivable and Interest Receivable represents royalties and interest receivable at the beginning of period, less royalties and interest receivable at the end of period, plus acquired royalties receivable and acquired cash royalty receipts included in the purchase price of the assets, and less other interest income.

3. Operating expenses are net of \$0.3 million related to board of trustee unit-based compensation and \$0.4 million related to amortization of other current assets.

4. Adjusted Cash Earnings per Unit is a non-GAAP ratio, and is the sum of Adjusted Cash Earnings per Unit in each of the last four quarters, calculated as net earnings and other comprehensive earnings, plus: (i) amortization of royalty assets, (ii) impairment of royalty assets, (iii) amortization of other current assets, (iv) unit-based compensation, and (v) board of trustees unit-based compensation, and less: (i) net gain (loss) on interest rate derivative, (ii) net gain (loss) on foreign exchange derivatives, (iii) non-cash royalty income, and (iv) non-cash interest income on loan receivable, divided by fully-diluted weighted average units outstanding.

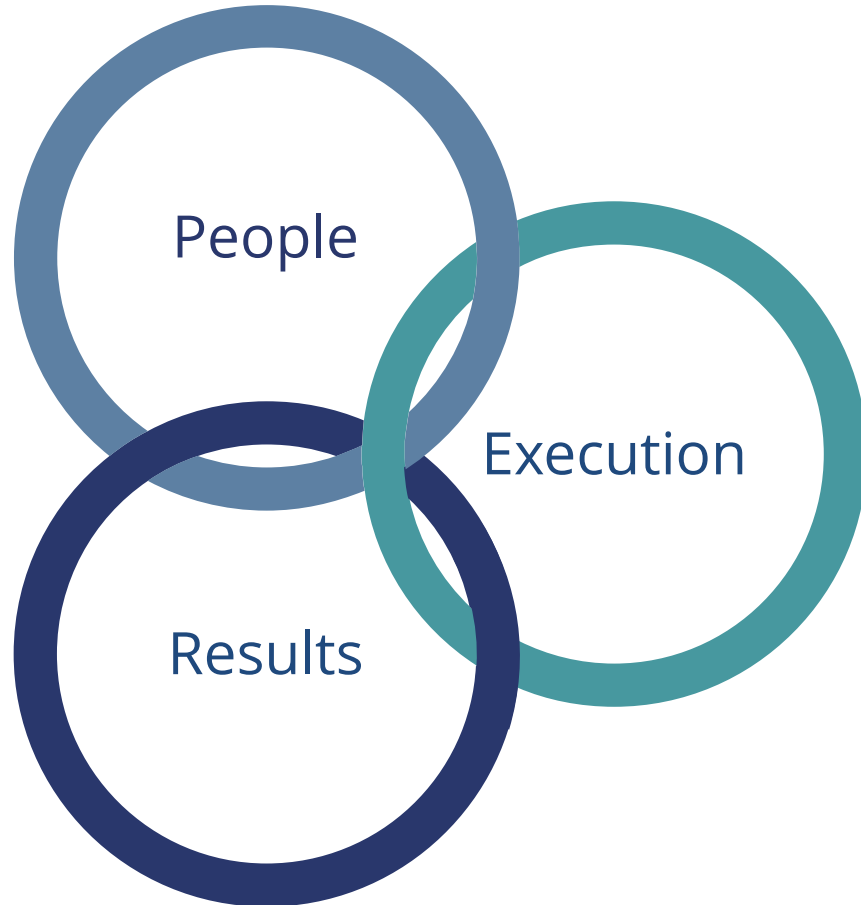
# Well capitalized for growth



**Significant  
capacity for  
further  
growth**

Significant capital available for deployment

# Our key priorities



**Invest in our people and build the industry leading royalty investment team**

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**Execute on strong pipeline and operate at peak performance in all aspects of our business**

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**Focus on long-term, sustainable growth generating strong unitholder returns**

# DRIHEALTHCARE



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