

DRI Healthcare Trust Reports First Quarter 2023 Results

– Robust royalty transaction activity showcases ability to execute on attractive deals –

– Continued strong performance of existing assets and financial results –

Toronto, Ontario – May 11, 2023 – DRI Healthcare Trust (TSX: DHT.UN/DHT.U) (“DRI” or “the Trust”) today announced its financial results for the quarter ended March 31, 2023. The Trust’s first quarter 2023 financial statements and Management’s Discussion & Analysis (“MD&A”) have been filed on SEDAR (www.sedar.com). All dollar amounts are expressed in U.S. dollars unless otherwise indicated.

“The Trust continued its strong execution in the first quarter. The recent additions to our portfolio are beginning to contribute cash flow and we continue to see strong performance from our assets.” said Behzad Khosrowshahi, Chief Executive Officer of DRI Healthcare Trust. “Our robust pipeline of attractive transaction opportunities positions us well to execute on fundamentally accretive deals to provide value to our unitholders.”

First Quarter Highlights

- Deployed US\$100.0 million in the Tzield royalty transaction;
- Total Income of US\$28.2 million;
- Total Cash Receipts of US\$25.0 million¹;
- Adjusted EBITDA of US\$21.4 million¹;
- Net Loss and Comprehensive Loss of US\$1.1 million;
- Adjusted Cash Earnings per Unit (basic and diluted) of US\$0.49^{1,2};
- Net Loss per Unit (basic and diluted) of US\$0.03²;
- Acquired a total of 319,453 trust units for an aggregate purchase price of US\$1.7 million under the Trust's normal course issuer bid (“NCIB”);
- Received gross proceeds of US\$95.0 million through a private placement of preferred securities and warrants; and
- Paid a quarterly cash distribution of US\$0.075 per unit to unitholders on April 20, 2023.

Subsequent to Quarter End

- Sold Tzield royalty and milestone payment obligations for US\$210.0 million;
- Acquired an additional royalty stream on Empaveli/Syfovre for US\$3.7 million;
- Declared a quarterly cash distribution of US\$0.075 per unit for the second quarter of 2023, payable on July 20, 2023 to unitholders of record as of June 30, 2023;
- Declared a special cash distribution totalling US\$20.0 million in aggregate, or approximately US\$0.53 per unit, payable on July 20, 2023 to unitholders of record as of June 30, 2023³; and
- Repaid US\$146.3 million, the entire amount outstanding under the Trust’s revolving acquisition credit facility.

¹ Total Cash Receipts and Adjusted EBITDA are non-GAAP financial measures. Adjusted Cash Earnings per Unit is a non-GAAP ratio. These measures are not standardized measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. The reconciliation of these measures can be found later in this press release and in the Trust’s MD&A.

² The weighted average number of basic and diluted units for the three months ended March 31, 2023 were 37,753,194 units and 37,821,801 units, respectively.

³ On April 27, 2023, the Trust declared a special cash distribution totalling US\$20.0 million in aggregate to unitholders of record as of June 30, 2023. This approximates US\$0.53 per unit based on the number of units issued and outstanding as of March 31, 2023. The actual distribution per unit will be determined based on the number of units issued and outstanding on the record date of June 30, 2023.

Financial Highlights

<i>(thousands of US dollars, except per unit amounts)</i>	Three months ended	
	March 31, 2023	March 31, 2022
Total income	28,236	22,625
Management fees	1,676	1,437
Amortization expenses	19,168	12,775
Other expenses	8,515	2,719
Net earnings (loss) and other comprehensive earnings (loss)	(1,123)	5,694
Net earnings (loss) per unit – basic	(0.03)	0.15
Net earnings (loss) per unit – diluted	(0.03)	0.15
Total Cash Receipts ¹	24,991	20,952
Adjusted EBITDA ¹	21,434	17,811
Adjusted EBITDA Margin ¹	86 %	85 %
Adjusted Cash Earnings per Unit – basic ¹	0.49	0.49
Adjusted Cash Earnings per Unit – diluted ¹	0.49	0.49
Weighted average number of Units – basic	37,753,194	38,743,644
Weighted average number of Units – diluted	37,821,801	38,743,769

Asset Performance

As at March 31, 2023, the Trust's portfolio included 23 royalty streams on 20 products that address a variety of therapeutic areas, such as oncology, neurology, ophthalmology, endocrinology, hematology, dermatology, lysosomal storage disorder, autoimmune diseases and influenza. On March 31, 2023, the royalty asset portfolio had a book value, net of accumulated amortization, of US\$599.6 million, which generated Total Cash Royalty Receipts¹ of US\$23.4 million and royalty income of US\$26.3 million during the three months ended March 31, 2023. In addition, the Trust held a loan receivable with a gross principal outstanding balance of US\$50.0 million as at March 31, 2023, which generated cash interest receipts of US\$1.6 million and interest income of US\$1.7 million during the three months ended March 31, 2023.

¹Total Cash Receipts and Adjusted EBITDA are non-GAAP financial measures. Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit are non-GAAP ratios. These measures and ratios are not standardized measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. The reconciliation of these measures can be found later in this press release and in the Trust's MD&A.

Portfolio

(thousands of US dollars)

Product	Therapeutic Area	Marketer(s)	Total Cash Receipts ¹	
			Three months ended	
			March 31, 2023	March 31, 2022
Empaveli/Syfovre	Hematology/Ophthalmology	Apellis, Swedish Orphan Biovitrum	187	—
Eylea I	Ophthalmology	Regeneron, Bayer, Santen	1,374	1,418
Eylea II	Ophthalmology	Regeneron, Bayer, Santen	1,124	1,528
FluMist	Influenza	AstraZeneca	1,445	2,218
Natpara	Endocrinology	Takeda	611	673
Omidria	Ophthalmology	Rayner Surgical	3,250	—
Oracea	Dermatology	Galderma	2,021	1,749
Rydapt	Oncology	Novartis	2,803	2,963
Spinraza	Neurology	Biogen	4,106	4,278
Stelara, Simponi and Ilaris ²	Autoimmune Diseases	Johnson & Johnson, Merck,	451	1,810
Vonjo	Oncology	CTI	2,024	—
Xenpozyme ³	Lysosomal Storage Disorder	Sanofi	—	—
Xolair	Respiratory	Roche, Novartis	2,538	2,641
Zejula	Oncology	GSK	742	—
Zytiga ⁴	Oncology	Johnson & Johnson	—	—
Other Products ⁵	Various	Various	682	424
Total Cash Royalty Receipts¹			23,358	19,702
Interest Receipts from Loan Receivable			1,633	1,250
Total Cash Receipts¹			24,991	20,952

¹Total Cash Receipts and Total Cash Royalty Receipts are non-GAAP financial measures. These measures are not standardized measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. The reconciliation of these measures can be found later in this press release and in the Trust's MD&A.

²Stelara, Simponi and Ilaris were previously referred to as the Autoimmune Portfolio. The royalty assets include two royalty streams on each product, for a total of six royalty streams.

³The Trust completed a 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.

⁴Cash royalties from Zytiga are received on a semi-annual basis during the second and fourth quarters of the year.

⁵Other 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.

Liquidity and Capital

On February 8, 2023, the Trust closed a private placement (the "Private Placement") of US\$95.0 million principal amount of Series A Preferred Securities and US\$19.8 million principal amount of Series B Preferred Securities, resulting in gross proceeds to the Trust of US\$95.0 million (the "Preferred Securities"). The Preferred Securities are unsecured, subordinated debt securities of the Trust. The Trust used US\$68.2 million from the Private Placement proceeds to make a voluntary principal repayment to the Trust's credit facility. The remaining proceeds were used to fund the Tzield transaction and for general corporate purposes.

On March 31, 2023, the Trust had cash and cash equivalents of US\$10.5 million. The Trust's credit facility had an outstanding principal balance of US\$227.6 million on March 31, 2023. Subsequently, on April 3, 2023, the Trust drew an additional \$3.7 million to fund the purchase of an additional royalty stream on Empaveli/Syfovre, and on May 2, 2023, the Trust used proceeds from the Tzield sale to make an additional principal repayment of US\$146.3 million, representing the entire amount outstanding under the revolving acquisition credit facility, bringing the outstanding balance to US\$85.0 million.

The Trust had 37,483,648 units issued and outstanding on March 31, 2023.

Distributions

On March 1, 2023, the board of trustees approved a quarterly cash distribution of US\$0.075 per unit, which was paid to unitholders on April 20, 2022. On April 27, 2023, in connection with the sale of Tzield to an affiliate of Sanofi S.A. ("Sanofi"), the Trust announced a special cash distribution of US\$20.0 million payable on July 20, 2023 to unitholders of record as of June 30, 2023. The Trust also announced today that its board of trustees has declared a quarterly cash distribution in the amount of US\$0.075 per unit for the second quarter of 2023, payable on July 20, 2023, to unitholders of record as of June 30, 2023.

Normal Course Issuer Bid

During the quarter, the Trust repurchased and cancelled 319,453 of its own units under its NCIB for an aggregate amount of US\$1.7 million at a weighted average price of C\$7.44 per unit (US\$5.43). As previously announced, the Trust received approval on November 10, 2022 from the Toronto Stock Exchange ("TSX") to acquire, from time to time, if considered advisable, up to 2,493,280 Units of the Trust for cancellation. Purchases will conclude on the earlier of the date on which the Trust has purchased the maximum number of trust units permitted under the NCIB and November 13, 2023.

In connection with the NCIB, the Trust established an automatic purchase plan with its designated broker to allow for purchases of units during the blackout period from March 31, 2023 to May 12, 2023.



Tzield Transactions

On March 8, 2023, the Trust bought royalties on the sales of Tzield (teplizumab-mzwv) for US\$100.0 million from MacroGenics, Inc. ("MacroGenics"). The transaction was funded on March 14, 2023 and entitled the Trust to a single digit royalty on worldwide net sales of Tzield. Pursuant to the terms of the royalty agreement, the Trust was entitled to receive quarterly royalty payments on a one-quarter lag based on Tzield sales beginning January 1, 2023.

In accordance with the terms of the royalty agreement, upon the occurrence of certain pre-specified events, the Trust was obligated to pay MacroGenics a milestone payment of up to US\$50.0 million and a second milestone payment of US\$50.0 million if Tzield sales exceeded certain thresholds.

On April 27, 2023, the Trust sold its royalty interest and milestone payment obligations in the worldwide sales of Tzield to a subsidiary of Sanofi for US\$210.0 million. On April 27, 2023, the board of trustees declared a US\$20.0 million additional special cash distribution to unitholders of record as of June 30, 2023 using the proceeds from this transaction. A further portion of the proceeds was used to pay down the entire amount outstanding under the Trust's revolving acquisition credit facility, leaving significant cash and credit available to invest in its pipeline of innovative opportunities.

Loan Receivable from CTI

On May 10, 2023, CTI BioPharma Corp. ("CTI") announced that it entered into an agreement with Swedish Orphan Biovitrum AB ("SOBI") to acquire all the outstanding common shares of CTI. The acquisition is subject to certain conditions, including the tender of a majority of the CTI common shares and other regulatory conditions. If such conditions are met, the transaction is expected to close in the third quarter of 2023. Upon closing, CTI and SOBI have agreed that the secured loan made by a subsidiary of the Trust, as lender, will be repaid in full, subject to the terms of the credit agreement. The Trust is monitoring this development for any additional impacts on its business.

First Quarter 2023 Conference Call & Webcast

As previously announced, management will hold a conference call on Friday, May 12, 2023, at 8:00 a.m. (ET) to review the Trust's 2023 first quarter results. You can join the call by dialing 1-888-664-6392 or 416-764-8659 approximately 15 minutes prior to the call to secure a line.

A live webcast of the conference call, including a slide presentation, will be available at <https://app.webinar.net/dYIZQRq154e>. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast. The webcast will be archived on the Trust's website following the call date.

Non-GAAP Financial Measures

The reconciliations of non-GAAP financial measures and non-GAAP ratios for the three months ended March 31, 2023 and 2022 to the most directly comparable measures calculated in accordance with IFRS are presented below.

Total Cash Royalty Receipts and Total Cash Receipts

Total Cash Royalty Receipts refers to all cash royalty receipts from the Trust's entire portfolio of royalty assets and Total Cash Receipts refers to Total Cash Royalty Receipts plus cash receipts for interest and principal payments collected from its loan receivable. Because of the lag between when the Trust records royalty income and when it receives the corresponding cash payments on its royalties, management believes Total Cash Receipts and Total Cash Royalty Receipts are useful measures when evaluating the Trust's operations, as they represent actual cash generated in respect of all royalty assets held during a period. Total income represents royalty income, interest income on loan receivable and other interest income.

<i>(thousands of US dollars)</i>	Three months ended	
	March 31, 2023	March 31, 2022
Total income	28,236	22,625
[-] Other interest income	(237)	—
[+] Royalties receivable, beginning of period	27,748	30,148
[-] Royalties receivable, end of period	(30,774)	(31,590)
[+] Acquired royalties receivable ¹	96	—
[-] Non-cash royalty income ²	(4)	(157)
[-] Non-cash interest income on loan receivable ³	(74)	(74)
Total Cash Receipts	24,991	20,952
[-] Interest income on loan receivable	(1,707)	(1,324)
[+] Non-cash interest income on loan receivable ³	74	74
Total Cash Royalty Receipts	23,358	19,702

¹Acquired royalties receivable represent the Trust's royalty entitlements prior to the completion of the royalty transactions they relate to, as described under the Transactions Completed section of the MD&A.

²Non-cash royalty income is related to excess royalty payments received in prior periods in which the Trust has an obligation to the royalty payers. Royalty income for the three months ended March 31, 2022 of US\$157 was used to reduce the obligation for excess royalty payments received in connection with Ilaris. There is no remaining obligation as at March 31, 2023 (December 31, 2022 – nil) related to Ilaris. In the second quarter of 2022, the Trust recorded other current liabilities and a corresponding deduction to royalty income of US\$155 to reflect an additional obligation for excess royalty payments received related to other royalty assets. Royalty income of US\$4 (2022 – nil) was used to reduce the obligation during the three months ended March 31, 2023. Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of US\$136.

³For the three months ended March 31, 2023, non-cash interest income on loan receivable represents the amortization of commitment fee of US\$25 (2022 – US\$25) and the accretion of exit fee receivable of US\$49 (2022 – US\$49).

Adjusted EBITDA and Adjusted EBITDA Margin

Management believes Adjusted EBITDA provides meaningful information about the Trust's operating cash flows as it eliminates the effects of accruals and non-cash expenses recorded on the statement of net earnings and comprehensive earnings. The Trust refers to EBITDA when reconciling its net earnings and other comprehensive earnings to Adjusted EBITDA but does not use EBITDA as a measure of its performance. Management believes that Adjusted EBITDA Margin is a useful supplemental measure to demonstrate the operating efficiency of the Trust's business on a cash basis. The reconciliation for the comparative period has been adjusted to conform with the current period's composition.

(thousands of US dollars)	Three months ended	
	March 31, 2023	March 31, 2022
Net earnings (loss) and other comprehensive earnings (loss)	(1,123)	5,694
[+] Amortization or royalty assets	19,168	12,775
[+] Amortization of other current assets ¹	143	—
[-] Other interest income	(237)	—
[+] Interest expense	6,166	418
EBITDA	24,117	18,887
[+] Royalties receivable, beginning of period	27,748	30,148
[-] Royalties receivable, end of period	(30,774)	(31,590)
[+] Acquired royalties receivable ²	96	—
[+] Unit-based compensation ³	243	527
[+] Board of trustees unit-based compensation ⁴	82	70
[-] Non-cash royalty income ⁵	(4)	(157)
[-] Non-cash interest income on loan receivable ⁶	(74)	(74)
Adjusted EBITDA	21,434	17,811
[÷] Total Cash Receipts	24,991	20,95
Adjusted EBITDA Margin	86 %	85 %

¹In connection with the Empaveli transaction completed in 2022, the Trust acquired other current assets, as described under the Empaveli Transaction section of the MD&A. The related amortization expense is recorded in other operating expenses.

² Acquired royalties receivable represent the Trust's royalty entitlements prior to the completion of the royalty transactions they relate to, as described under the Transactions Completed section of the MD&A.

³For the three months ended March 31, 2023, the unit-based compensation expense was US\$288 (2022 – US\$527) which includes US\$45 (2022 – nil) of withholding taxes paid in cash.

⁴During 2022, certain members of the board of trustees elected to be compensated fully or partially in deferred units ("DUs") under the Trust's Omnibus Equity Incentive Plan.

⁵Non-cash royalty income is related to excess royalty payments received in prior periods in which the Trust has an obligation to the royalty payers. Royalty income for the three months ended March 31, 2022 of US\$157 was used to reduce the obligation for excess royalty payments received in connection with Ilaris. There is no remaining obligation as at March 31, 2023 (December 31, 2022 – nil) related to Ilaris. In the second quarter of 2022, the Trust recorded other current liabilities and a corresponding deduction to royalty income of US\$155 to reflect an additional obligation for excess royalty payments received related to other royalty assets. Royalty income of US\$4 (2022 – nil) was used to reduce the obligation during the three months ended March 31, 2023. Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of US\$136.

⁶For the three months ended March 31, 2023, non-cash interest income on loan receivable represents the amortization of commitment fee of US\$25 (2022 – US\$25) and the accretion of exit fee receivable of US\$49 (2022 – US\$49).

Adjusted Cash Earnings per Unit

Management believes that Adjusted Cash Earnings per Unit provides meaningful information about the Trust's performance as it provides a measure of the cash generated by the Trust's assets on a per unit basis.

<i>(thousands of US dollars, except per unit amounts)</i>	Three months ended	
	March 31, 2023	March 31, 2023
Net earnings (loss) and other comprehensive earnings (loss)	(1,123)	5,694
[+] Amortization or royalty assets	19,168	12,775
[+] Amortization of other current assets ¹	143	—
[+] Unit-based compensation ²	243	527
[+] Board of trustees unit-based compensation ³	82	70
[-] Non-cash royalty income ⁴	(4)	(157)
[-] Non-cash interest income on loan receivable ⁵	(74)	(74)
Adjusted Cash Earnings	18,435	18,835
Adjusted Cash Earnings per basic Unit	0.49	0.49
Adjusted Cash Earnings per diluted Unit	0.49	0.49
Weighted average number of Units – basic	37,753,194	38,743,644
Weighted average number of Units – diluted	37,821,801	38,743,769

¹In connection with the Empaveli Transaction completed in 2022, the Trust acquired other current assets, as described under the Empaveli Transaction section of the MD&A. The related amortization expense is recorded in other operating expenses.

²For the three months ended March 31, 2023, the unit-based compensation expense was US\$288 (2022 – US\$527) which includes US\$45 (2022 – nil) of withholding taxes paid in cash.

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⁵For the three months ended March 31, 2023, non-cash interest income on loan receivable represents the amortization of commitment fee of US\$25 (2022 – US\$25) and the accretion of exit fee receivable of US\$49 (2022 – US\$49).



About DRI Healthcare Trust

DRI Healthcare Trust is managed by DRI Capital Inc. (“DRI Capital”), the pioneer in global pharmaceutical royalty monetization with a more than 30-year history of accelerating innovation by providing capital to inventors, academic institutions and biopharma companies. Since its founding in 1989, DRI Capital has deployed more than US\$2.5 billion, acquiring more than 70 royalties on 40-plus drugs, including Eylea, Spinraza, Zytiga, Remicade, Keytruda and Stelara. DRI Healthcare Trust’s units are listed and traded on the Toronto Stock Exchange in Canadian dollars under the symbol “DHT.UN” and in US dollars under the symbol “DHT.U”. To learn more, visit drihealthcare.com or follow us on [LinkedIn](#).

Caution concerning forward-looking statements

This news release may contain forward-looking information within the meaning of applicable securities legislation. Forward-looking information generally can be identified by the use of forward-looking words such as “expect”, “continue”, “anticipate”, “intend”, “aim”, “plan”, “believe”, “budget”, “estimate”, “forecast”, “foresee”, “close to”, “target” or negative versions thereof and similar expressions. Some of the specific forward-looking information in this news release may include, among other things, statements regarding the Trust’s ability to execute on its strategy and the value to be provided to unitholders. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Trust’s control that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, those that are disclosed in the Trust’s most recent annual information form. No assurance can be given that these are all the factors that could cause actual results to vary materially from the forward-looking statements in this press release. You should not put undue reliance on forward-looking statements. No assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do occur, the actual results, performance or achievements of the Trust could differ materially from the results expressed in, or implied by, any forward-looking statements. Certain assumptions underlying the forward-looking information in this news release include: the Trust’s assumptions regarding demand and growth in pharmaceutical sales, R&D and opportunities for royalty investing; the competitive environment in which the Trust operates; the performance of the Trust’s manager; the Trust’s ability to implement its growth strategies; the Trust’s ability to obtain financing and maintain its existing financing on acceptable terms; the Trust’s ability to maintain good business relationships with marketers and other industry partners; timely receipt of cash royalty receipts; expectations regarding the duration of royalties; the Trust’s ability to keep pace with changing consumer preferences; the absence of material adverse changes in the Trust’s industry or the global economy; currency exchange and interest rates; the impact of competition; the changes and trends in the Trust’s industry or the global economy; and stability in laws, rules, regulations and global standards in the pharmaceutical industry. All forward-looking information in this news release speaks as of the date of this news release. The Trust does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise except as required by law. Additional information about these assumptions and risks and uncertainties is contained in the Trust’s filings with securities regulators, including its latest annual information form and Management’s Discussion and Analysis. These filings are also available at the Trust’s website at drihealthcare.com.



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