



# Advancing Science

in the Pharmaceutical and  
Biotechnology Sector

Q2 2024 Earnings Call | August 7, 2024

# Disclaimer

This presentation has been prepared by DRI Healthcare Trust (the "Trust"). The Trust is an unincorporated open-ended trust governed by the laws of the Province of Ontario, Canada and is externally managed by DRI Capital Inc. ("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 Healthcare. The predecessor of DRI Healthcare was founded in 1989. Any references to employees or historical figures prior to the IPO refer to those of DRI Healthcare. This document includes information regarding the historical performance of private funds managed by DRI Healthcare, and is not indicative of future results.

## Cautionary Note Regarding Forward-Looking Information

This presentation, including responses to questions related thereto, may contain "forward-looking information" within the meaning of, and made pursuant to the "safe harbor" provisions of, Canadian provincial securities laws. Statements that contain forward-looking information are predictive in nature, depend upon or refer to future events or conditions, and include, but are not limited to, statements which reflect management's current opinions, estimates and assumptions regarding the operations, business, investment opportunities, the profitability and availability of royalty investments, results, performance, financial position and compounding of cash flow, expected financial results, priorities, objectives, strategies, prospects, pipeline, capital management and both short- and long-term outlook of the Trust and its subsidiaries, which are based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate and reasonable in the circumstances. Statements containing forward-looking information are typically identified by words such as "guidance," "target," "project," "assumes," "seek," "objective," "outlook," "commitment," "believe," "expect," "will," and other similar expressions.

Despite careful consideration and review of the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct, and undue reliance should not be placed on such statements. Forward-looking information is subject to known and unknown risks, uncertainties, assumptions, and other factors that may cause the actual results to materially differ from those depicted or implied by such information, including but not limited to the risk factors or assumptions identified in the Trust's most recent Management's Discussion and Analysis ("MD&A"), under "Risk Factors" in the Trust's most recent Annual Information Form, and in the Trust's other filings with Canadian securities regulators available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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## Non-GAAP Measures and Ratios

This presentation also makes reference to certain non-GAAP financial measures including Total Cash Receipts, Normalized 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 the International Financial Reporting Standards ("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 the 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. See "Financial Review: Non-GAAP Financial Measures" in the MD&A, which includes a reconciliation of IFRS to non-GAAP measures, such reconciliation being incorporated by reference herein.

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



**Gary Collins**

Chief Executive Officer,  
DRI Healthcare Trust

# Executive Appointments

New leadership to lead Trust to continued growth



**Gary Collins**  
CEO,  
DRI Healthcare Trust



**Ali Hedayat**  
Acting CEO,  
DRI Healthcare



**Sandy Kwan**  
Acting CFO,  
DRI Healthcare Trust &  
DRI Healthcare

# Recent Highlights

Focus on deal execution, capital allocation and unitholder returns



## Royalty Transaction

Additional Xenpozyme royalty

- Aggregate deal value of up to \$45.75 million
- Deployed \$13.25 million up front
- Increases exposure to rare diseases
- Long-term asset further increases portfolio duration



## Normal Course Issuer Bid

Generating unitholder value

- \$3.9 million in NCIB buybacks
- 207,600 units repurchased and cancelled in the quarter
- 198,746 units repurchased and cancelled subsequent to quarter end



## Dividend Declaration

Quarterly cash distribution

- Declared a distribution of \$0.085 per unit for Q3 2024
- Payable on October 18, 2024 to unitholders of record on September 30, 2024





**Navin Jacob**

Executive Vice President, Investments &  
Chief Investment Officer,  
DRI Healthcare

# Portfolio performance

Portfolio assets show continued growth into 2024

(\$ millions)	Q2 2024	Q2 2023	% Change <sup>1</sup>	Q1 2024	% Change <sup>1</sup>
<b>TOTAL CASH ROYALTY RECEIPTS<sup>2</sup></b>	<b>\$43.0</b>	<b>\$27.1</b>	<b>59%</b>	<b>\$63.5</b> <i>Ex-milestones - \$37.5</i>	<b>(32)%</b> <i>Ex-milestones - 14%</i>
Xenpozyme <sup>™</sup>	0.7	-	n/a	-	n/a
OMIDRIA <sup>™</sup>	11.3	3.3	246	8.6	32
ORSERDU <sup>™</sup>	8.9	-	n/a	31.6 <i>Ex-milestones - 10.6</i>	(72) <i>Ex-milestones - (15)</i>
VONJO <sup>™</sup>	3.5	2.3	51	8.5 <i>Ex-milestones - 3.5</i>	(59) <i>Ex-milestones - 0</i>
Zejula <sup>™</sup>	0.9	0.7	26	1.0	(3)
EMPAVELI <sup>™</sup> SYFOVRE <sup>™</sup>	2.6	0.3	917	-	10,996
ORacea <sup>™</sup>	1.9	1.3	50	2.5	(23)
EYLEA <sup>™</sup>	1.6	1.6	(2)	1.7	(6)
FluMist Quadrivalent	-	-	n/a	-	n/a
Natpara <sup>™</sup>	0.7	0.6	14	0.6	22
RYDAPT <sup>™</sup>	2.0	2.0	(5)	2.2	(12)
SPINRAZA <sup>™</sup>	3.3	3.9	(17)	3.8	(15)
Stelara <sup>™</sup> Simponi <sup>™</sup> ILARIS <sup>™</sup>	0.2	0.4	(47)	0.2	(24)
Xolair <sup>™</sup>	1.7	1.5	8	2.4	(32)
Zytiga <sup>™</sup>	3.5	8.5	(59)	-	n/a
Other Products <sup>3</sup>	0.3	0.6	(47)	0.4	(32)

1. Total % Change columns are based on figures rounded to the thousands and align with the information in our MD&A. 2. Total Cash Royalty Receipts is a non-GAAP financial measure. See "Financial Review: Non-GAAP Financial Measures" in our MD&A. 3. 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.

# Xenpozyme II royalty transaction

Second royalty on long-term asset further increases portfolio duration



## TRANSACTION OVERVIEW

Approved by the EMA in June 2022 and by the FDA in August 2022 for the treatment of Acid Sphingomyelinase Deficiency (“ASMD”)

\$13.25 million up front purchase price

Approximately 1% royalty on worldwide sales

Entitled to receive all royalties up to \$6.3 million in royalty receipts per calendar year, with an economic sharing agreement for all royalty receipts above this amount

Royalties collected semi-annually

Deal completed in June 2024

## STRONG GROWTH POTENTIAL

\$32.5 million in potential milestone payments based on Xenpozyme achieving certain annual net sales thresholds

First and only approved product for the treatment of ASMD, also known as Neimann-Pick disease

Royalties are expected to expire in Q2 2036



# DRI HEALTHCARE

Robust pipeline of over  
**\$3.2 billion**  
in potential opportunities<sup>1</sup>



Address important unmet needs with life-changing therapies for patients

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Marketed by leading biotech or biopharma companies

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Provides strong intellectual property and regulatory protection

<sup>1</sup>. As of August 7, 2024. Represents the aggregate value of potential opportunities that meet or exceed DRI Healthcare's qualitative and quantitative investment criteria.



**Sandy Kwan**

Acting CFO,  
DRI Healthcare Trust &  
DRI Healthcare

## Q2 2024 financial highlights

Normalized Total Cash Receipts<sup>1</sup>

**\$43.0 million**

↑ 50% over Q2 2023

Total Income

**\$41.6 million**

↑ 48% over Q2 2023

Adjusted EBITDA<sup>1</sup>

**\$32.9 million**

↑ 31% over Q2 2023

Adjusted EBITDA Margin<sup>1</sup>

**77%**

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

**\$0.49**

Declared Cash Distributions per Unit

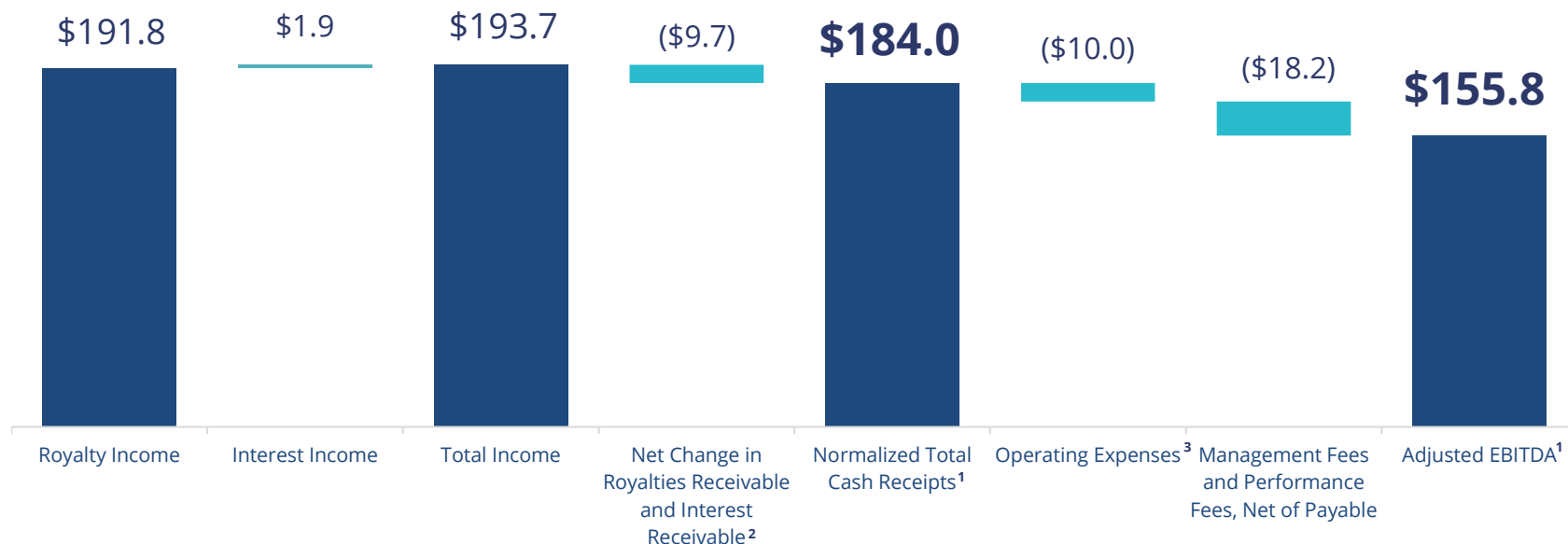
**\$0.085**

1. Normalized Total Cash Receipts and Adjusted EBITDA are non-GAAP measures. Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit are non-GAAP ratios. See "Financial Review: Non-GAAP Financial Measures" in our MD&A.

# Strong cash generation

Cash available to drive portfolio growth and maintain distributions to unitholders

Adjusted EBITDA for the Last Twelve Months Ended June 30, 2024 (\$M)<sup>1</sup>



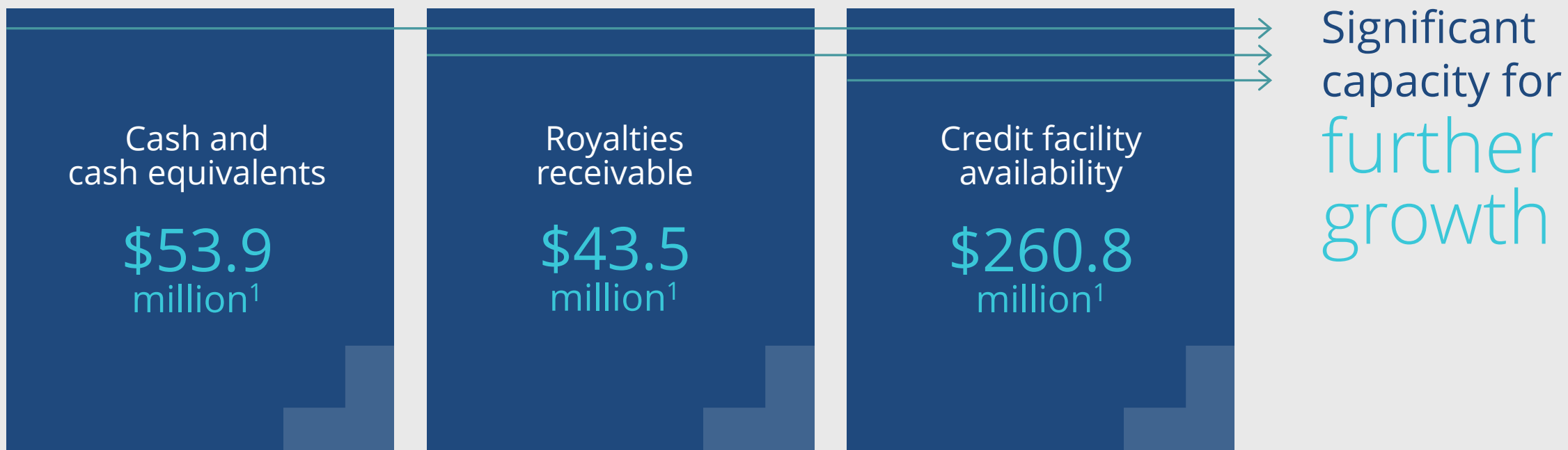
Adjusted EBITDA Margin<sup>1</sup>  
85%



Adjusted Cash Earnings per Unit<sup>4</sup>  
\$2.47

1. Adjusted EBITDA and Normalized Total Cash Receipts are non-GAAP financial measures. Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit are non-GAAP ratios. Adjusted EBITDA Margin is calculated as Adjusted EBITDA / Normalized Total Cash Receipts. 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 included in the purchase price of the assets, less other interest income and less prepayment premium income on loan receivable. 3. Operating expenses are net of \$1.0 million related to board of trustee unit-based compensation. 4. Adjusted Cash Earnings per Unit is calculated as comprehensive earnings (loss), plus: (i) amortization of royalty assets, (ii) amortization of other current assets, (iii) impairment of royalty assets, (iv) unit-based compensation, (v) board of trustees unit-based compensation, (vi) management and performance fees on sale of royalty asset and (vii) other loss, less: (i) non-cash royalty income, (ii) non-cash interest and other income on loan receivable, (iii) prepayment premium income on loan receivable, (iv) net gain on sale of royalty assets, (v) net gain on debt refinancing, and (vi) net unrealized gain on derivative instruments; divided by weighted average units outstanding.

## Well capitalized for growth



1. As at June 30, 2024.



**Ali Hedayat**  
Acting CEO,  
DRI Healthcare



# Delivering on our long-term objectives

Focus on sustainable strategic growth

	GUIDANCE AT IPO (FEB 2021)	GUIDANCE TODAY
<b>Capital deployment target</b>	\$650 – \$750 million over 5 years	<b>More than \$1.25 billion over 5 years<sup>1</sup></b>
<b>Sustainable cash generation</b>	Declining cash curve due to expected asset expiries	<b>High-teens royalty income CAGR through 2025 and mid- to high-single digit royalty income CAGR through 2030 (excluding any new transactions)</b>
<b>Portfolio duration</b>	8 years	<b>&gt;10 years</b>
<b>Capital resources</b>	IPO proceeds and debt capacity	<b>Equity offering proceeds and attractive credit facilities with compounding effect of cash flows</b>

<sup>1</sup>. Statements regarding the Trust's outlook over 5 years 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.

**DRI** HEALTHCARE

Key  
priorities



Rebuild trust with a focus on strong governance and tone from the top

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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

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