

## DRI Healthcare Trust Reports Second Quarter 2024 Results

- Highest Normalized Total Cash Receipts in a single quarter since IPO, excluding milestones –
- Trust internal investigation substantially complete with no impact to cash royalty receipts –
- New executive leadership in place and in-depth review of governance practices underway –

**Toronto, Ontario – August 6, 2024** – DRI Healthcare Trust (TSX: DHT.UN/DHT.U) (“DRI” or the “Trust”) today announced its financial results for the quarter ended June 30, 2024. The Trust’s second quarter 2024 financial statements and Management’s Discussion & Analysis (“MD&A”) have been filed on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)). All dollar amounts are expressed in U.S. dollars unless otherwise indicated.

“As we begin a new chapter for the Trust, we do so with a renewed sense of optimism and purpose,” said Gary Collins, the Trust’s Chairman and Chief Executive Officer. “We have enacted changes to benefit our unitholders, focusing on transparency and good governance. We began by implementing strong new leadership to steward the Trust through this transitional period and we will continue examining all aspects of our governance structures and processes to focus on furthering unitholder interests. We are supported by a strong and determined team that has shown its ability to execute. The fundamentals of our business are robust, as evidenced by impressive results through the first half of the year. We plan to continue on that growth path to deliver accretive value to our unitholders over the long term.”

### Second Quarter Highlights

- Deployed \$13.3 million in a second royalty interest in Xenpozyme;
- Total Income of \$41.6 million;
- Normalized Total Cash Receipts of \$43.0 million<sup>1</sup>;
- Adjusted EBITDA of \$32.9 million<sup>1</sup>;
- Comprehensive Loss of \$1.9 million;
- Adjusted Cash Earnings per Unit of \$0.49 (basic and diluted)<sup>1,2</sup>;
- Net Loss per Unit of \$0.04 (basic and diluted)<sup>2</sup>;
- Paid a quarterly cash distribution of \$0.085 per unit on July 19, 2024.

### Subsequent to Quarter End

- Appointed Gary Collins as CEO and Amit Kapur as CFO.
- Received \$6.5 million from our manager, DRI Healthcare, in reimbursement of alleged consulting and other expenses incorrectly charged to the Trust, either directly or indirectly by DRI Healthcare, as directed by the former Chief Executive Officer.
- Repurchased 198,746 Units under its Normal Course Issuer Bid (“NCIB”) at an average price of \$8.72, totaling \$1.7 million under the Automated Purchase Plan (“AUPP”).
- Declared a quarterly cash distribution of \$0.085 per unit for the third quarter of 2024, payable on October 18, 2024 to unitholders of record on September 30, 2024.

<sup>1</sup> Normalized 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.

<sup>2</sup> The weighted average number of basic and diluted units for the purposes of calculating Earnings per Unit for the three months ended June 30, 2024 were 56,426,259 units.

### **Investigation Update**

On July 8, 2024, the Trust announced that the Audit Committee of the Board of Trustees, assisted by independent legal counsel and forensic accountants, had launched an internal investigation into irregularities related to certain alleged consulting and other expenses charged to the Trust, either directly or indirectly by DRI Healthcare, the manager of the Trust, as directed by the former Chief Executive Officer.

The Trust today announces that the investigation, as it relates to the charges affecting the Trust, is substantially complete. Assisted by independent advisors, the Audit Committee undertook a detailed forensic and documentary review of information relating to transactions charged to the Trust (including bank statements, invoices, contracts, supporting documentation and accounting records and information). The Audit Committee's advisors also reviewed documents and data from the physical offices of the manager, company emails and other available data, and conducted interviews with DRI Healthcare's personnel and related third parties and consultants.

As of August 6, 2024, the investigation has identified \$6.510 million in consulting and other expenses that had been incorrectly charged to the Trust. \$5.501 million had been reimbursed by DRI Healthcare on July 9, 2024, and the remaining \$1.009 million was reimbursed on August 6, 2024. Based on the results of the investigation to date, the Trust is satisfied that the applicable consulting and other expenses that impacted the Trust have been identified and quantified, and no further material adjustments are anticipated. There has been no change to the amount of cash royalties received from any of the assets in any previous term nor has there been any change to the forecast of future royalty receipts as a result of these findings.

As part of the investigation, the Trust is continuing to examine all aspects of its governance structures and processes. The Trust is coordinating with DRI Healthcare, the manager of the Trust, as to a potential internal investigation into the affairs of DRI Healthcare and its relationship with the Trust.

### **Executive and Board Changes**

The Trust also announced today the appointment of Gary Collins as Chief Executive Officer (CEO) of the Trust, effective August 7, 2024, for a period of two years. Mr. Collins is the Chair of the Board and was appointed as Interim CEO of the Trust on July 8, 2024 further to the resignation of the former CEO in connection with the investigation of the Trust.

In connection with Mr. Collins' appointment as CEO and his continued role as Chair of the Board, the Board has appointed Tamara Vrooman as Lead Independent Director, effective immediately, as an additional measure to ensure that adequate processes and structures are in place for the Board to function independently. Mr. Collins will step down from the Governance, Compensation and Nominating Committee and will be replaced by Paul Mussenden on the Board's Audit Committee.

The Trust also announced today the appointment of Amit Kapur as Chief Financial Officer (CFO) of the Trust effective September 16, 2024. Sandy Kwan will remain acting CFO of DRI Healthcare, the manager of the Trust.

Mr. Kapur has more than fifteen years of leadership experience in financial services, industrial automation, environmental services, and technology, and was most recently Chief Financial Officer at Enwave Energy Corporation. He holds a Masters degree in Business Administration (MBA) from the Johnson School at Cornell University and an Honours Bachelor of Commerce degree from McMaster University. He is also a Chartered Accountant (Canada), a Certified Public Accountant (Illinois) and a Chartered Financial Analyst.



### **Restatement of Previously Issued Consolidated Financial Statements**

Based on the information obtained to date from the investigation, the Trust considered the resulting financial impact on its prior financial statements, and the Trust has restated its previously reported audited annual consolidated financial statements as at and for the year ended December 31, 2023 and 2022, and related management's discussion and analysis. The amended and restated annual consolidated financial statements for the years ended December 31, 2023 and 2022, together with the related amended and restated management's discussion and analysis, have been filed on SEDAR+. In addition, the Trust has restated certain amounts previously reported in its condensed consolidated financial statements for the three and six months ended June 30, 2023. Such restated amounts have been included in the Trust's condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023 which, together with the related management's discussion and analysis, have also been filed on SEDAR+. The restatements reflect the removal of incorrectly charged consulting and other expenses from the following items: royalty assets, net of accumulated amortization and amortization of royalty assets, capitalized deal costs included in other non-current assets and deal investigation and research costs. See note 2 "Restatement of Previously Issued Consolidated Financial Statements" to the amended and restated annual consolidated financial statements of the Trust for the years ended December 31, 2023 and 2022 and note 2 "Restatement of Previously Issued Consolidated Financial Statements" to the condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023 for additional information.

In conjunction with the restatements described above, management has identified material weaknesses in the Trust's internal control over financial reporting as at December 31, 2023, as further described under "Disclosure Controls and Procedures and Internal Control over Financial Reporting" in the management's discussion and analysis referred to above. As a result of the material weaknesses, the Trust's CEO and CFO have concluded that the Trust's internal control over financial reporting was not effective as at December 31, 2023. DRI Healthcare and the Trust are implementing appropriate remedial measures to strengthen corporate governance, compliance and control processes. See "Disclosure Controls and Procedures and Internal Control over Financial Reporting" in the management's discussion and analysis referred to above.

## Financial Highlights

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(thousands of US dollars, except per unit amounts)</i>				
Total income	<b>41,604</b>	28,058	<b>83,671</b>	56,294
Management fees	<b>2,825</b>	15,560	<b>6,989</b>	17,236
Performance fees	—	18,616	<b>231</b>	18,616
Amortization of royalty assets <sup>1</sup>	<b>25,679</b>	19,582	<b>50,724</b>	38,731
Impairment of royalty assets	<b>820</b>	—	<b>5,200</b>	—
Other expenses <sup>1</sup>	<b>15,825</b>	8,687	<b>29,800</b>	16,787
Net gain from sale of royalty asset	—	109,972	—	109,972
Net gain on debt refinancing	<b>2,176</b>	—	<b>2,176</b>	—
Other loss <sup>1</sup>	<b>(764)</b>	(411)	<b>(1,575)</b>	(995)
Net earnings (loss) <sup>1</sup>	<b>(2,133)</b>	75,174	<b>(8,673)</b>	73,901
Net unrealized gain (loss) on derivative instruments	<b>228</b>	—	<b>1,425</b>	—
Comprehensive earnings (loss) <sup>1</sup>	<b>(1,905)</b>	75,174	<b>(7,248)</b>	73,901
Net earnings (loss) per unit – basic <sup>1</sup>	<b>(0.04)</b>	2.01	<b>(0.15)</b>	1.96
Net earnings (loss) per unit – diluted <sup>1</sup>	<b>(0.04)</b>	2.00	<b>(0.15)</b>	1.96
Normalized Total Cash Receipts <sup>2</sup>	<b>42,955</b>	28,688	<b>106,472</b>	53,679
Adjusted EBITDA <sup>1,2</sup>	<b>32,903</b>	25,239	<b>88,367</b>	47,088
Adjusted EBITDA Margin <sup>1,2</sup>	<b>77 %</b>	88 %	<b>83 %</b>	88 %
Adjusted Cash Earnings per Unit – Basic <sup>1,2</sup>	<b>0.49</b>	0.40	<b>0.97</b>	0.90
Adjusted Cash Earnings per Unit – Diluted <sup>1,2</sup>	<b>0.49</b>	0.40	<b>0.97</b>	0.90
Weighted average number of Units – Basic	<b>56,426,259</b>	37,487,973	<b>56,392,250</b>	37,623,590
Weighted average number of Units – Diluted	<b>56,426,259</b>	37,680,076	<b>56,392,250</b>	37,798,310

## Asset Performance

As at June 30, 2024, the Trust's portfolio included 26 royalty streams on 19 products that address a variety of therapeutic areas, such as oncology, neurology, ophthalmology, endocrinology, hematology, dermatology, lysosomal storage disorders and immunology. On June 30, 2024, the royalty asset portfolio had a book value, net of accumulated amortization, of \$774.8 million, which during the three and six months ended June 30, 2024 generated Total Cash Royalty Receipts<sup>1</sup> of \$43.0 million and \$106.5 million, respectively, and royalty income of \$41.0 million and \$82.4, respectively.

<sup>1</sup> Comparative figures have been restated as a result of a retrospective reclassification of certain expenses and capitalized costs.

<sup>2</sup> Normalized Total Cash Receipts, Total Cash Royalty 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)	Cash Receipts			
			Three months ended		Six months ended	
			June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Empaveli/Syfovre	Hematology/Ophthalmology	Apellis, Sobi	2,552	251	2,575	438
Eylea I	Ophthalmology	Regeneron, Bayer, Santen	1,321	1,350	2,728	2,724
Eylea II	Ophthalmology	Regeneron, Bayer, Santen	285	292	590	1,416
FluMist	Influenza	AstraZeneca	—	30	—	1,475
Natpara	Endocrinology	Takeda	695	610	1,263	1,221
Omidria	Ophthalmology	Rayner Surgical	11,261	3,250	19,821	6,500
Oracea	Dermatology	Galderma	1,886	1,261	4,336	3,282
Orserdu I <sup>1</sup>	Oncology	Menarini	5,315	—	13,335	—
Orserdu II <sup>1</sup>	Oncology	Menarini	3,633	—	27,171	—
Rydapt	Oncology	Novartis	1,953	2,047	4,176	4,850
Spinraza	Neurology	Biogen	3,272	3,933	7,115	8,039
Stelara, Simponi and Ilaris <sup>2</sup>	Immunology	Johnson & Johnson, Merck, Mitsubishi Tanabe, Novartis	186	349	430	800
Vonjo I	Hematology	Sobi	2,887	2,315	5,789	4,339
Vonjo II <sup>1</sup>	Hematology	Sobi	615	—	6,220	—
Xenpozyme	Lysosomal Storage Disorder	Sanofi	662	—	662	—
Xolair	Immunology	Roche, Novartis	1,666	1,538	4,112	4,076
Zejula	Oncology	GSK	932	740	1,894	1,482
Zytiga	Oncology	Johnson & Johnson	3,546	8,543	3,546	8,543
Other Products <sup>3</sup>	Various	Various	288	548	709	1,230
<b>Total Cash Royalty Receipts<sup>4</sup></b>			<b>42,955</b>	<b>27,057</b>	<b>106,472</b>	<b>50,415</b>
Interest receipts from loan receivable <sup>5</sup>			—	1,631	—	3,264
Principal repayment of loan receivable <sup>5,6</sup>			—	50,000	—	50,000
Exit fee received for loan receivable <sup>5,6</sup>			—	1,000	—	1,000
Premiums for prepayment <sup>5,6</sup>			—	2,140	—	2,140
Proceeds from sale of royalty assets <sup>6,7</sup>			—	210,000	—	210,000
<b>Total Cash Receipts<sup>4</sup></b>			<b>42,955</b>	<b>291,828</b>	<b>106,472</b>	<b>316,819</b>
Principal repayment of loan receivable <sup>6</sup>			—	(50,000)	—	(50,000)
Exit fee received for loan receivable <sup>6</sup>			—	(1,000)	—	(1,000)
Premiums for prepayment <sup>6</sup>			—	(2,140)	—	(2,140)
Proceeds from sale of royalty assets <sup>6,7</sup>			—	(210,000)	—	(210,000)
<b>Normalized Total Cash Receipts<sup>4</sup></b>			<b>42,955</b>	<b>28,688</b>	<b>106,472</b>	<b>53,679</b>

<sup>1</sup> Cash receipts for the six months ended June 30, 2024 includes milestone royalty receipts of \$2,104 from Orserdu I, \$18,939 from Orserdu II and \$5,000 from Vonjo II.

<sup>2</sup> Stelara, Simponi and Ilaris includes two royalty streams on each product, for a total of six royalty streams held directly and indirectly.

<sup>3</sup> 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.

<sup>4</sup> Total Cash Receipts, Total Cash Royalty Receipts and Normalized Total Cash 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.

<sup>5</sup> Interest receipts from loan receivable relates to the loan receivable, which was repaid in full on June 26, 2023. In accordance with the loan agreement, the Trust was also entitled to receive an exit fee and prepayment premiums upon prepayment of the loan, which were received in the second quarter of 2023.

<sup>6</sup> This item represents cash received by the Trust in the quarter that is not expected to recur in the normal course of our operations. As such, these items are not included in Normalized Total Cash Receipts.

<sup>7</sup> On April 27, 2023, the Trust sold the Tzield royalty asset.

### **Liquidity and Capital**

On June 30, 2024, the Trust had cash and cash equivalents of \$53.9 million. The Trust's credit facility had an outstanding principal balance of \$225.4 million and \$260.8 million in available credit on June 30, 2024.

The Trust had 56,385,882 units issued and outstanding on June 30, 2024.

### **Distributions**

On May 6, 2024, the board of trustees approved a quarterly cash distribution of \$0.0850 per unit to unitholders of record as of June 30, 2024, which was paid on July 19, 2024. The Trust also announced today that its board of trustees has declared a quarterly cash distribution in the amount of \$0.0850 per unit for the third quarter of 2024, payable on October 18, 2024, to unitholders of record as of September 30, 2024.

### **Normal Course Issuer Bid**

During the quarter, the Trust repurchased and cancelled 207,600 of its own units under its NCIB for an aggregate amount of \$2.2 million at a weighted average price of C\$14.35 per unit (\$10.52). As previously announced, the Trust received approval on November 13, 2023 from the Toronto Stock Exchange to acquire, from time to time, if considered advisable, up to an aggregate of 3,280,195 of its units for cancellation. Purchases will conclude on the earlier of the date on which the Trust has purchased the maximum number of units permitted under the NCIB and November 19, 2024. In connection with the NCIB, the Trust established an AUPP whereby units of the Trust may be repurchased at the discretion of a dealer to the AUPP using commercially reasonable efforts and subject to trading parameters defined in the AUPP.

Under the AUPP, subsequent to June 30, 2024, the Trust repurchased an additional 198,746 units at an average price of C\$11.92 (\$8.72), totaling \$1.7 million.

### **Xenozyme Royalty Transaction**

On June 28, 2024, the Trust purchased an additional royalty stream on Xenozyme for \$13.3 million. This royalty is in addition to its existing Xenozyme royalty purchased in 2022. The transaction entitles the Trust to an additional approximately 1.0% of worldwide net sales of Xenozyme. The Trust is entitled to receive semi-annual royalty payments in respect of net sales of Xenozyme commencing from July 1, 2024 on a two quarter lag from the respective half-year period.

In accordance with the royalty agreement, additional milestone payments totaling up to \$32.5 million may be paid by the Trust upon achievement of certain performance-based thresholds.

Xenozyme is the only product developed and approved for the treatment of non-central nervous system manifestations of acid sphingomyelinase deficiency ("ASMD"), also known as Niemann-Pick disease types A, A/B and B, in pediatric and adult patients. ASMD is an extremely rare, progressive genetic disease with significant morbidity and mortality, especially among infants and children. Signs and symptoms of ASMD may include enlarged spleen or liver, difficulty breathing, lung infections and unusual bruising or bleeding, among other disease manifestations. Current management of the disease includes palliative and supportive care to manage the symptoms. Xenozyme was approved in Japan in March 2022, by the European Commission in June 2022 and by the FDA in August 2022. Xenozyme is marketed worldwide by Sanofi.

### **Second Quarter 2024 Conference Call & Webcast**

As previously announced, management will hold a conference call on Wednesday, August 7, 2024, at 8:00 a.m. (ET) to review the Trust's 2024 second 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/MAxX169nQNb>. 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 and six months ended June 30, 2024 and 2023 to the most directly comparable measures calculated in accordance with IFRS are presented below.

### Total Cash Royalty Receipts, Total Cash Receipts and Normalized Total Cash Receipts

Total Cash Receipts refers to Total Cash Royalty Receipts plus cash receipts from all products. Total Cash Receipts includes cash receipts from interest as well as non-recurring cash receipts such as the principal payments related to the Trust's loan receivable, fees and premiums related thereto and proceeds from the sale of royalty assets which consist of the proceeds from the sale of the Tziel royalty. Total Cash Royalty Receipts refers to aggregate cash royalty receipts from the Trust's portfolio of royalty assets and forms part of Total Cash Receipts. Because of the lag between when the Trust records royalty income and 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. The Trust also presents Normalized Total Cash Receipts, which refers to Total Cash Receipts adjusted to remove cash receipts that are not expected to recur in the normal course of its operations. Management believes that Normalized Total Cash Receipts will assist readers in evaluating the period over period performance of the Trust's royalty portfolio since Normalized Total Cash Receipts only includes cash receipts generated by royalties and other amounts payable pursuant to the terms of the Trust's royalty assets and interest on the Trust's loan receivable.

(thousands of US dollars)	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Total income	41,604	28,058	83,671	56,294
[-] Other interest income	(577)	(52)	(1,299)	(289)
[+] Royalties receivable, beginning of period	45,470	30,774	64,082	58,522
[-] Royalties receivable, end of period	(43,542)	(29,110)	(43,542)	(59,884)
[+] Acquired royalties receivable <sup>1</sup>	—	2,186	3,560	2,282
[-] Non-cash royalty income <sup>2</sup>	—	—	—	(4)
[-] Non-cash interest and other income on loan receivable <sup>3</sup>	—	(1,028)	—	(1,102)
[+] Principal repayment of loan receivable	—	50,000	—	50,000
[+] Exit fee <sup>3</sup>	—	1,000	—	1,000
[+] Proceeds from sale of royalty assets	—	210,000	—	210,000
<b>Total Cash Receipts</b>	<b>42,955</b>	<b>291,828</b>	<b>106,472</b>	<b>316,819</b>
[-] Principal repayment of loan receivable <sup>4</sup>	—	(50,000)	—	(50,000)
[-] Exit fee received for loan receivable <sup>3,4</sup>	—	(1,000)	—	(1,000)
[-] Premiums for prepayment of loan receivable <sup>4</sup>	—	(2,140)	—	(2,140)
[-] Proceeds from sale of royalty assets <sup>4</sup>	—	(210,000)	—	(210,000)
<b>Normalized Total Cash Receipts</b>	<b>42,955</b>	<b>28,688</b>	<b>106,472</b>	<b>53,679</b>
[-] Interest and other income on loan receivable	—	(4,799)	—	(6,506)
[+] Non-cash interest and other income on loan receivable <sup>3</sup>	—	1,028	—	1,102
[+] Premiums for prepayment of loan receivable <sup>4</sup>	—	2,140	—	2,140
<b>Total Cash Royalty Receipts</b>	<b>42,955</b>	<b>27,057</b>	<b>106,472</b>	<b>50,415</b>

<sup>1</sup> 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. Acquired royalties receivable of \$96 previously recognized for the Tziel transaction were reversed during the second quarter of 2023 as the royalty asset and its associated royalty interest was sold.

<sup>2</sup> Non-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 of nil and nil, respectively, was used to reduce the obligation during three and six months ended June 30, 2024 (2023 – nil and \$4, respectively). Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of \$136.

<sup>3</sup> As the loan receivable was fully prepaid on June 26, 2023, there was no non-cash interest and other income for the three and six months ended June 30, 2024. For the three and six months ended June 30, 2023, non-cash interest and other income on loan receivable represents the amortization of commitment fees of \$343 and \$368, respectively, and the accretion of exit fees receivable of \$685 and \$734, respectively.

<sup>4</sup> This item represents cash received by the Trust that is not expected to recur in the normal course of its operations. As such, this item is not included in Normalized Total Cash Receipts.



### **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 other non-cash expenses and accruals and income and expenses that are not expected to recur, that have been recorded on the statement of net earnings (loss) and comprehensive earnings (loss). The Trust refers to EBITDA when reconciling its comprehensive earnings (loss) 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.



(thousands of US dollars)	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Comprehensive earnings (loss) <sup>1</sup>	(1,905)	75,174	(7,248)	73,901
[+] Amortization or royalty assets <sup>1</sup>	25,680	19,582	50,725	38,731
[+] Impairment of royalty assets <sup>1</sup>	820	—	5,200	—
[+] Amortization of other current assets <sup>2</sup>	—	97	—	240
[-] Other interest income	(577)	(52)	(1,299)	(289)
[+] Interest expense	8,641	6,284	17,039	12,450
<b>EBITDA</b>	<b>32,658</b>	<b>101,085</b>	<b>64,417</b>	<b>125,033</b>
[+] Royalties receivable, beginning of period	45,470	30,774	64,082	27,748
[-] Royalties receivable, end of period	(43,542)	(29,110)	(43,542)	(29,110)
[-] Performance fees payable, beginning of period	(4,916)	—	(5,918)	—
[+] Performance fees payable, end of period	—	—	—	—
[+] Acquired royalties receivable <sup>3</sup>	—	2,186	3,560	2,282
[+] Unit-based compensation <sup>4</sup>	4,675	472	7,242	715
[+] Board of trustees unit-based compensation <sup>5</sup>	198	295	552	377
[-] Non-cash royalty income <sup>6</sup>	—	—	—	(4)
[-] Non-cash interest and other income on loan receivable <sup>7</sup>	—	(1,028)	—	(1,102)
[-] Premiums for prepayment of loan receivable <sup>8</sup>	—	(2,140)	—	(2,140)
[-] Net gain on sale of royalty asset <sup>1,9</sup>	—	(109,972)	—	(109,972)
[+] Management fees on sale of royalty asset <sup>10</sup>	—	13,650	—	13,650
[+] Performance fees on sale of royalty asset <sup>10</sup>	—	18,616	—	18,616
[-] Net gain on debt refinancing <sup>11</sup>	(2,176)	—	(2,176)	—
[-] Other loss <sup>1</sup>	764	411	1,575	995
[-] Net unrealized gain on derivative instruments	(228)	—	(1,425)	—
<b>Adjusted EBITDA<sup>1</sup></b>	<b>32,903</b>	<b>25,239</b>	<b>88,367</b>	<b>47,088</b>
[÷] Normalized Total Cash Receipts	42,955	28,688	106,472	53,679
<b>Adjusted EBITDA Margin<sup>1</sup></b>	<b>77 %</b>	<b>88 %</b>	<b>83 %</b>	<b>88 %</b>

<sup>1</sup> Comparative figures have been restated as a result of a retrospective reclassification of certain expenses and capitalized costs.

<sup>2</sup> In connection with the Empaveli/Syfovre 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.

<sup>3</sup> 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. Acquired royalties receivable of \$96 previously recognized for the Tziel transaction were reversed during the second quarter of 2023 as the royalty asset and its associated royalty interest was sold.

<sup>4</sup> For the three and six months ended June 30, 2024, unit-based compensation expense were \$4,675 and \$7,242, respectively (2023 – \$569 and \$857, respectively, which includes \$97 and \$142, respectively, paid in cash).

<sup>5</sup> 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.

<sup>6</sup> Non-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 of nil and nil, respectively, was used to reduce the obligation during three and six months ended June 30, 2024 (2023 – nil and \$4, respectively). Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of \$136.

<sup>7</sup> As the loan receivable was fully prepaid on June 26, 2023, there was no non-cash interest and other income for the three months ended June 30, 2024. For the three and six months ended June 30, 2023, non-cash interest and other income on loan receivable represents the amortization of commitment fees of \$343 and \$368, respectively, and the accretion of exit fees receivable of \$685 and \$734, respectively.

<sup>8</sup> The Trust received a prepayment premium for prepayment of the loan receivable, as described under the Loan receivable section of the MD&A.

<sup>9</sup> During the second quarter of 2023, the Trust sold its royalty interest in the worldwide sales of Tziel, as described under the Tziel Transactions section of the MD&A.

<sup>10</sup> During the six months ended June 30, 2024, the Trust paid management fees of \$13,650 and performance fees of \$18,616 related to the sale of the Tziel royalty asset, pursuant to the investment management agreement, as described in note 2(n) to the Trust's 2023 amended and restated annual consolidated financial statements.

<sup>11</sup> During the second quarter of 2024, the Trust refinanced its 2023 Preferred Securities and 2023 Warrants, as result of the refinancing an accounting gain was recorded.

## 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, excluding cash earnings that are not expected to recur.

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(thousands of US dollars, except per unit amounts)</i>				
Comprehensive earnings (loss) <sup>1</sup>	(1,905)	75,174	(7,248)	73,901
[+] Amortization or royalty assets <sup>1</sup>	25,679	19,582	50,725	38,731
[+] Impairment of royalty assets <sup>1</sup>	820	—	5,200	—
[+] Amortization of other current assets <sup>2</sup>	—	97	—	240
[+] Unit-based compensation <sup>3</sup>	4,675	472	7,242	715
[+] Board of trustees unit-based compensation <sup>4</sup>	198	295	552	377
[-] Non-cash royalty income <sup>5</sup>	—	—	—	(4)
[-] Non-cash interest and other income on loan receivable <sup>6</sup>	—	(1,028)	—	(1,102)
[-] Premiums for prepayment of loan receivable <sup>7</sup>	—	(2,140)	—	(2,140)
[-] Net gain on sale of royalty assets <sup>8</sup>	—	(109,972)	—	(109,972)
[+] Management fee on sale of royalty asset <sup>9</sup>	—	13,650	—	13,650
[+] Performance fee on sale of royalty asset <sup>9</sup>	—	18,616	—	18,616
[-] Net gain on debt refinancing <sup>10</sup>	(2,176)	—	(2,176)	—
[-] Other loss <sup>1</sup>	764	411	1,575	995
[-] Net unrealized gain on derivative instruments	(228)	—	(1,425)	—
<b>Adjusted Cash Earnings<sup>1</sup></b>	<b>27,827</b>	<b>15,157</b>	<b>54,445</b>	<b>34,007</b>
<b>Adjusted Cash Earnings per Basic Unit<sup>1</sup></b>	<b>0.49</b>	<b>0.40</b>	<b>0.97</b>	<b>0.90</b>
<b>Adjusted Cash Earnings per Fully Diluted Unit</b>	<b>0.49</b>	<b>0.40</b>	<b>0.97</b>	<b>0.90</b>
Weighted average number of Units – Basic	56,426,259	37,487,973	56,392,250	37,623,590
Weighted average number of Units – Diluted	56,426,259	37,680,076	56,392,250	37,798,310

<sup>1</sup> Comparative figures have been restated as a result of a retrospective reclassification of certain expenses and capitalized costs.

<sup>2</sup> In connection with the Empaveli/Syfovre 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.

<sup>3</sup> For the three and six months ended June 30, 2024, unit-based compensation expense were \$4,675 and \$7,242, respectively (2023 – \$569 and \$857, respectively, which includes \$97 and \$142, respectively, paid in cash).

<sup>4</sup> Certain members of the board of trustees elected to be compensated fully or partially in DUs under the Trust's Omnibus Equity Incentive Plan.

<sup>5</sup> Non-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 of nil and nil, respectively, was used to reduce the obligation during three and six months ended June 30, 2024 (2023 – nil and \$4, respectively). Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of \$136.

<sup>6</sup> As the loan receivable was fully prepaid on June 26, 2023, there was no non-cash interest and other income for the three months ended June 30, 2024. For the three and six months ended June 30, 2023, non-cash interest and other income on loan receivable represents the amortization of commitment fees of \$343 and \$368, respectively, and the accretion of exit fees receivable of \$685 and \$734, respectively.

<sup>7</sup> The Trust received a prepayment premium for prepayment of the loan receivable, as described under the Loan receivable section of the MD&A.

<sup>8</sup> During the second quarter of 2023, the Trust sold its royalty interest in the worldwide sales of Tzield, as described under the Tzield Transactions section of the MD&A.

<sup>9</sup> During the six months ended June 30, 2024, the Trust paid management fees of \$13,650 and performance fees of \$18,616 related to the sale of the Tzield royalty asset, pursuant to the investment management agreement, as described in note 2(n) to the Trust's 2023 annual consolidated financial statements.

<sup>10</sup> During the second quarter of 2024, the Trust refinanced its 2023 Preferred Securities and 2023 Warrants, as result of the refinancing an accounting gain was recorded.



## **About DRI Healthcare Trust**

DRI Healthcare Trust is managed by DRI Capital Inc. (“DRI Capital” or “DRI Healthcare”) 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](http://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 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, the value to be provided to unitholders, timing of royalty payments, the ongoing internal investigation being conducted by the Board’s Audit Committee and the Trust’s remediation plan relating to the material weaknesses in respect of its internal control over financial reporting. 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 and under “Risk Factors” in the Trust’s MD&A. The anticipated royalty terms for products in our portfolio may be shorter than the period of patent protection for the applicable product, depending on many factors, including the entry of generic drugs into the marketplace and competition, all of which are outside our control. 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](http://drihealthcare.com).

## **For further information, please contact:**

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