

## DRI Healthcare Trust Reports Third Quarter 2022 Results

- Transactions for Empaveli, Zejula and Omidria royalties mark significant progress -
- Cash receipts expected to be flat to slightly increasing through 2025 even with no further deployment -
- Continued strong performance of existing assets and financial results -

**Toronto, Ontario – November 7, 2022** – DRI Healthcare Trust (TSX: DHT.UN/DHT.U) (“DRI” or “the Trust”) today announced its financial results for the quarter ended September 30, 2022. The Trust’s third quarter 2022 financial statements and Management’s Discussion & Analysis (“MD&A”) have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)). All dollar amounts are expressed in US dollars unless otherwise indicated.

“This has been DRI’s busiest quarter since becoming a public entity, with three completed transactions,” said Behzad Khosrowshahi, Chief Executive Officer of DRI Healthcare Trust. “The combination of robust expected cash flows derived from the success of Omidria, and the growth prospects for Empaveli and Zejula, demonstrates our commitment to building long-term value for our unitholders by partnering with leading inventors, companies, and institutions in the bio-pharma value chain. Importantly, the cash receipts from these assets in addition to those acquired in our previous transactions are expected to flatten to slightly increase our cash flow curve through the end of 2025”.

### **Highlights**

- Completed three royalty transactions deploying US\$184.5 million;
- Total Income of US\$26.5 million;
- Total Cash Receipts of US\$18.8 million<sup>1</sup>;
- Adjusted EBITDA of US\$15.8 million<sup>1</sup>;
- Net Earnings and Comprehensive Earnings of US\$7.6 million or US\$0.20<sup>2</sup> per Unit (basic and diluted);
- Adjusted Cash Earnings per Unit (basic and diluted) of US\$0.57<sup>1,2</sup>.

### **Subsequent to Quarter End**

- Today, the board of trustees declared a quarterly cash distribution of US\$0.075 per unit for the fourth quarter of 2022, which is payable on January 20, 2022 to unitholders of record on December 31, 2022.
- Received Toronto Stock Exchange (the "TSX") approval for normal course issuer bid to allow Trust to acquire up to 2,493,280 of its Trust units over next twelve months.

<sup>1</sup> 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 three months ended September 30, 2022 were 38,657,266 units and 38,694,492 units, respectively.

## Financial Highlights

(thousands of US dollars, except per unit amounts)	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021 <sup>1</sup>
Total income	26,471	23,409	70,392	59,551
Management fees	1,322	1,113	4,477	4,163
Amortization expenses	13,992	11,125	40,188	28,923
Other expenses	3,543	3,536	9,322	8,264
Net earnings and other comprehensive earnings	7,614	7,635	16,405	18,201
Earnings per unit – basic <sup>2</sup>	0.20	0.19	0.42	0.55
Earnings per unit – diluted <sup>2</sup>	0.20	0.19	0.42	0.55
Total Cash Receipts/ Pro Forma Total Cash Receipts <sup>3,4</sup>	18,844	15,447	65,082	79,366
Adjusted EBITDA/ Pro Forma Adjusted EBITDA <sup>3,4,5</sup>	15,814	11,869	55,068	68,658
Adjusted EBITDA Margin/ Pro Forma Adjusted EBITDA Margin <sup>3,4,5</sup>	84 %	77 %	85 %	87 %
Adjusted Cash Earnings per Unit – Basic <sup>2,3,4,5</sup>	0.57	0.48	1.48	1.44
Adjusted Cash Earnings per Unit – Diluted <sup>2,3,4,5</sup>	0.57	0.48	1.48	1.44

## Asset Performance

As at September 30, 2022, the Trust's portfolio included 22 royalties and secured loans on 17 products that address medically necessary therapeutic areas, such as oncology, rare diseases, ophthalmology, endocrinology, hematology, dermatology, autoimmune diseases, and vaccines. On September 30, 2022, the royalty asset portfolio had a book value, net of accumulated amortization, of US\$505.5 million, generated Total Cash Royalty Receipts<sup>3</sup> of US\$17.5 million and US\$61.2 million during the three and nine months ended September 30, 2022, respectively, and earned royalty income of US\$25.0 million and US\$66.3 million during the three and nine months ended September 30, 2022, respectively. In addition, the Trust held a loan receivable with a gross principal outstanding balance of US\$50.0 million as at September 30, 2022, which generated cash interest receipts of US\$1.3 million and US\$3.9 million during the three and nine months ended September 30, 2022, respectively, and earned interest income of US\$1.4 million and US\$4.1 million during the three and nine months ended September 30, 2022, respectively.

<sup>1</sup>The Trust completed its initial public offering ("IPO") on February 19, 2021. The Trust had no active operations prior to February 19, 2021.

<sup>2</sup>The weighted average number of basic and diluted units for the three months ended September 30, 2022 were 38,657,266 units and 38,694,492 units, respectively. The weighted average number of basic and diluted units for the three months ended September 30, 2021 was 40,107,407 units. The weighted average number of basic and diluted units for the nine months ended September 30, 2022 were 38,684,889 units and 38,710,064 units, respectively. The weighted average number of basic and diluted units for the nine months ended September 30, 2021 was 32,908,642 units.

<sup>3</sup>Total Cash Receipts (including Pro Forma Total Cash Receipts) and Adjusted EBITDA (including Pro Forma Adjusted EBITDA) are non-GAAP financial measures. Adjusted EBITDA Margin (including Pro Forma 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.

<sup>4</sup>Total Cash Receipts for the nine months ended September 30, 2021 include cash that was received by the Trust's current subsidiaries prior to the completion of the Trust's acquisition of those subsidiaries and Total Cash Receipts for the three and nine months ended September 30, 2021 include cash that was received as part of the Oracea Transaction related to royalties earned prior to the closing of the transaction. Therefore, Total Cash Receipts, along with the Adjusted EBITDA and Adjusted EBITDA Margin, are presented on a pro forma basis and are referred to as Pro Forma Total Cash Receipts, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDA Margin.

<sup>5</sup>Pro Forma Adjusted EBITDA, Pro Forma Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit for the three and nine months ended September 30, 2021 have been adjusted to conform with the current period's composition. The reconciliation of these measures can be found later in this press release.

## Portfolio

(thousands of US dollars)

Product	Therapeutic Area	Marketer(s)	Total Cash Receipts <sup>1</sup>			
			Three months ended		Nine months ended	
			September 30, 2022	Pro Forma September 30, 2021 <sup>2</sup>	September 30, 2022	Pro Forma September 30, 2021 <sup>2</sup>
<b>Core Products</b>						
Empaveli <sup>3</sup>	Hematology	Apellis, Swedish Orphan Biovitrum	—	—	—	—
Eylea I	Ophthalmology	Regeneron, Bayer, Santen	1,318	— <sup>4</sup>	4,109	6,040 <sup>4</sup>
Eylea II	Ophthalmology	Regeneron, Bayer, Santen	1,444	— <sup>4</sup>	4,474	2,684 <sup>4</sup>
FluMist	Influenza	AstraZeneca	—	7	2,218	2,269
Natpara	Endocrinology	Takeda	728	551	2,050	1,574
Omidria <sup>3</sup>	Ophthalmology	Rayner Surgical	—	—	—	—
Oracea	Dermatology	Galderma	2,109	3,711	5,817	3,711
Rydapt	Oncology	Novartis	2,578	2,313	7,876	8,770
Spinraza	Spinal Muscular Atrophy	Biogen	3,736	4,326	12,587	15,249
Vonjo	Oncology	CTI Biopharma	1,184	—	1,404	—
Xolair	Respiratory	Roche, Novartis	2,528	2,358	6,627	6,041
Zejula <sup>3</sup>	Oncology	GSK	—	—	—	—
Zytiga <sup>5</sup>	Oncology	Johnson & Johnson	—	—	8,958	9,498
<b>Total Core Products</b>			<b>15,625</b>	<b>13,266</b>	<b>56,120</b>	<b>55,836</b>
<b>Mature Products</b>						
Autoimmune Portfolio <sup>6</sup>	Autoimmune Diseases	Johnson & Johnson, Merck, Novartis	721	1,493	3,107	7,601
Rilpivirine Portfolio <sup>7</sup>	HIV	Johnson & Johnson, Gilead, ViiV	—	—	—	14,368
<b>Total Mature Products</b>			<b>721</b>	<b>1,493</b>	<b>3,107</b>	<b>21,969</b>
<b>Other Products<sup>8,9</sup></b>	Various	Various	<b>1,158</b>	<b>688</b>	<b>2,001</b>	<b>1,561</b>
<b>Total Cash Royalty Receipts<sup>1,2</sup></b>			<b>17,504</b>	<b>15,447</b>	<b>61,228</b>	<b>79,366</b>
Interest Receipts from Loan Receivable			1,340	—	3,854	—
<b>Total Cash Receipts<sup>1,2</sup></b>			<b>18,844</b>	<b>15,447</b>	<b>65,082</b>	<b>79,366</b>

<sup>1</sup>Total 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.

<sup>2</sup>Total Cash Receipts and Total Cash Royalty Receipts for the nine months ended September 30, 2021 include cash that was received by the Trust's current subsidiaries prior to the completion of the Trust's acquisition of those subsidiaries and Total Cash Receipts and Total Cash Royalty Receipts for the three and nine months ended September 30, 2021 include cash received as part of the Oracea Transaction related to royalties earned prior to the closing of the transaction and are presented on a pro forma basis.

<sup>3</sup>The Trust entered into the transactions in respect of Empaveli, Omidria and Zejula during the third quarter of 2022. In accordance with the terms of the royalty agreements, the first cash royalty receipts for these assets are expected in the fourth quarter of 2022.

<sup>4</sup>Cash royalty receipts from Eylea I and Eylea II of US\$4,718 were received subsequent to September 30, 2021.

<sup>5</sup>Cash royalties from Zytiga are received on a semi-annual basis during the second and fourth quarters of each year.

<sup>6</sup>The Autoimmune Portfolio consists of an agreement to receive royalties on sales of Stelara, Simponi and Ilaris. The royalty assets include two royalty streams on each product, for a total of six royalty streams.

<sup>7</sup>The Rilpivirine Portfolio consists of an agreement to receive royalties on sales of Complera, Edurant, Odefsey and Juluca. The Trust's entitlement to royalties ended during the second quarter of 2021 in accordance with the terms of the royalty agreement.

<sup>8</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>9</sup>For the three and nine months ended September 30, 2022, the Trust received US\$750 related to the settlement of litigation on a royalty asset held by the one of Trust's current subsidiaries, which predated the Trust's acquisition of the subsidiary.

### **Liquidity and Capital**

On September 30, 2022, the Trust had cash and cash equivalents of US\$20.5 million and an outstanding principal balance on its credit facility of US\$216.9 million.

The Trust had 38,665,770 units issued and outstanding on September 30, 2022.

### **Distributions**

On August 3, 2022, the board of trustees approved a quarterly cash distribution of US\$0.075 per unit, which was paid to unitholders on October 20, 2022. 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 fourth quarter of 2022, payable on January 20, 2023, to unitholders of record on December 31, 2022.

### **Recent Transactions**

On July 21, 2022, the Trust completed a transaction for a royalty interest in Empaveli (pegcetacoplan) for a purchase price of US\$24.5 million. The transaction entitles the Trust to a less than one percent royalty on the worldwide net sales of Empaveli, subject to a cap at net sales of US\$500 million in each calendar year, above which the Trust will not be entitled to any royalty. As part of the transaction, the Trust has an option to increase the annual sales cap to US\$1.1 billion in return for a one-time payment by the Trust of US\$21 million.

On September 12, 2022, the Trust completed a transaction for a royalty interest in Zejula for a purchase price of US\$35 million. An additional milestone payment of US\$10 million will be paid by the Trust should Zejula be approved by the FDA for the treatment of endometrial cancer on or before December 31, 2025. The transaction entitles the Trust to a net 0.5% royalty on worldwide net sales of Zejula by GSK plc.

On September 30, 2022, the Trust completed a transaction for a royalty interest in Omidria for a purchase price of US\$125 million. In accordance with the terms of the royalty agreement, the Trust will be entitled to receive royalties until December 2030 subject to annual caps (US\$1.67 million in aggregate for the four months from September 1, 2022 through December 31, 2022; US\$13, million for 2023; US\$20 million for 2024; US\$25 million for each of 2025 to 2028 inclusive; US\$26.3 million for 2029; and US\$27.5 million for 2030).

### **Normal Course Issuer Bid**

The Trust also announced today the acceptance by the TSX of the Trust's Notice of Intention to make a normal course issuer bid (the "NCIB"). Pursuant to the NCIB, the Trust proposes to purchase, from time to time, if considered advisable, up to an aggregate of 2,493,280 of its trust units (the "Units"), being 10% of its 24,932,808 public float of Units as of November 7, 2022, through the facilities of the TSX and/or through various eligible alternative Canadian trading systems at the market price at the time of purchase.

Purchases may commence on November 14, 2022 and 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. The average daily trading volume of the Units over the most recently completed six calendar months was 33,117 Units. Accordingly, for purposes of the TSX rules, the Trust is entitled to purchase, on any trading day, up to 8,279 Units and to make block purchases of its Units which exceed such daily limit no more frequently than once per calendar week. Under the Trust's prior normal course issuer bid that commenced on October 5, 2021 and concluded on October 4, 2022 (the "Prior NCIB"), the Trust obtained approval from the TSX to purchase 2,500,000 Units. The Trust purchased 1,521,050 Units under the Prior NCIB through the facilities of the TSX and alternative Canadian trading systems at a weighted average price of C\$6.60 per Unit (US\$5.25).

The Trust remains focused on its primary strategy of acquiring new pharmaceutical royalty streams and using its capital for that purpose. The Trust's manager believes that there is a robust and growing pipeline of royalty stream acquisitions opportunities and is active in reviewing a number of potential transactions. However, it is also the opinion of the Trust's manager that, from time to time, the market price of the Trust's Units may not adequately reflect the value of the underlying assets of the Trust, and the Trust wishes to take advantage of the market trading prices of its Units in those instances. The Board of Trustees of the Trust believes that at such times the proposed purchases would be in the best interests of the Trust and would constitute an appropriate use of available funds. All Units purchased by the Trust pursuant to the NCIB will be cancelled.

In connection with the NCIB, the Trust has established an automatic purchase plan with its designated broker (the "AUPP") to allow for purchases of Units during self-imposed blackout periods, subject to certain parameters as to price and number of Units. Outside of these pre-determined black-out periods, Units will be repurchased in accordance with management's discretion, subject to applicable law. The AUPP constitutes an automatic plan for purposes of applicable Canadian securities legislation and has been pre-cleared by the TSX.

### **Third Quarter 2022 Conference Call & Webcast**

Management will hold a conference call on Tuesday, November 8, 2022, at 8:00 a.m. (ET) to review the Trust's 2022 third 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/LdAO6J9DvJ4>. 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 our non-GAAP financial measures and non-GAAP ratios for three and nine months ended September 30, 2022 and 2021 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 we record royalty income and receive the corresponding cash payments on our royalties, we believe Total Cash Receipts and Total Cash Royalty Receipts are useful measures when evaluating our operations, as they represent actual cash generated in respect of all royalty assets held during a period.

	Three months ended		Nine months ended	
	September 30, 2022	Pro Forma September 30, 2021 <sup>1</sup>	September 30, 2022	Pro Forma September 30, 2021 <sup>1</sup>
<i>(thousands of US dollars, except per unit amounts)</i>				
Total income	26,471	23,409	70,392	59,551
[-] Other interest income	(28)	(4)	(33)	(7)
[+] Royalties receivable, beginning of period	27,498	29,679	30,148	—
[-] Royalties receivable, end of period	(36,386)	(43,965)	(36,386)	(43,965)
[+] Acquired royalties receivable <sup>2</sup>	1,366	2,930	1,366	58,120
[+] Acquired cash royalties received <sup>2</sup>	—	4,136	—	6,405
[-] Non-cash royalty income <sup>3</sup>	(11)	(194)	(190)	(194)
[+] Interest receivable, beginning of period	—	—	—	—
[-] Interest receivable, end of period	—	(514)	—	(514)
[-] Non-cash interest income on loan receivable <sup>4</sup>	(66)	(30)	(215)	(30)
<b>Total Cash Receipts</b>	<b>18,844</b>	<b>15,447</b>	<b>65,082</b>	<b>79,366</b>
[-] Interest income on loan receivable	(1,406)	(544)	(4,069)	(544)
[-] Interest receivable, beginning of period	—	—	—	—
[+] Interest receivable, end of period	—	514	—	514
[+] Non-cash interest income on loan receivable <sup>4</sup>	66	30	215	30
<b>Total Cash Royalty Receipts</b>	<b>17,504</b>	<b>15,447</b>	<b>61,228</b>	<b>79,366</b>

<sup>1</sup>Cash receipts for the nine months ended September 30, 2021 are presented on a pro forma basis and represent the cash that was received by the Trust's current subsidiaries prior to completion of the Trust's acquisition of those subsidiaries. The Trust was the beneficiary of royalty cash receipts generated from January 1, 2021 to February 18, 2021 by the assets acquired in connection with the Trust's IPO and has recorded the increase of US\$2,269 in acquired cash and cash equivalents related to the royalty cash receipts within that period, as described under the Transactions Completed in 2021 section of the MD&A. Cash receipts for the three and nine months ended September 30, 2021 include the Trust's entitlement to cash royalties received from the assets acquired in the Oracea transaction, as described under the Oracea Transaction section of the MD&A.

<sup>2</sup>Acquired royalties receivable and acquired cash royalties received were used to reduce the net purchase paid for the assets acquired by the Trust, as described under the Transactions Completed sections of the MD&A.

<sup>3</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 for the three and nine months ended September 30, 2022 of nil and US\$334, respectively, was used to reduce the obligation for excess royalty payments received in connection with the Autoimmune Portfolio (2021 – US\$194 and US\$194). In addition, 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\$11 was used to reduce the obligation during the three and nine months ended September 30, 2022. Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of US\$144.*

*<sup>4</sup>For the three and nine months ended September 30, 2022, non-cash interest income on loan receivable represents the amortization of commitment fees of US\$22 and US\$72, respectively, (2021 – US\$10 and US\$10, respectively) and the accretion of exit fees receivable of US\$44 and US\$143, respectively (2021 – US\$20 and US\$20, respectively).*

## Adjusted EBITDA and Adjusted EBITDA Margin

We believe Adjusted EBITDA provides meaningful information about our operating cash flows as it eliminates the effects of accruals and non-cash expenses recorded on the statement of income and comprehensive income. We refer to EBITDA when reconciling our net earnings and other comprehensive earnings to Adjusted EBITDA, but we do not use EBITDA as a measure of our performance. We believe that Adjusted EBITDA Margin is a useful supplemental measure to demonstrate the operating efficiency of our 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, except per unit amounts)	Three months ended		Nine months ended	
	September 30, 2022	Pro Forma September 30, 2021 <sup>2</sup>	September 30, 2022	Pro Forma September 30, 2021 <sup>2</sup>
Net earnings and other comprehensive earnings	7,614	7,635	16,405	18,201
[+] Amortization or royalty assets	13,992	11,125	40,188	28,923
[+] Amortization of other current assets <sup>1</sup>	114	—	114	—
[-] Other interest income	(28)	(4)	(33)	(7)
[+] Interest expense	1,351	383	2,617	1,111
<b>EBITDA</b>	<b>23,043</b>	<b>19,139</b>	<b>59,291</b>	<b>48,228</b>
[+] Royalties receivable, beginning of period	27,498	29,679	30,148	—
[-] Royalties receivable, end of period	(36,386)	(43,965)	(36,386)	(43,965)
[+] Interest receivable, beginning of period	—	—	—	—
[-] Interest receivable, end of period	—	(514)	—	(514)
[+] Acquired royalties receivable <sup>2</sup>	1,366	2,930	1,366	58,120
[+] Acquired cash royalties received <sup>2</sup>	—	4,136	—	6,405
[+] Unit-based compensation	298	25	849	25
[+] Board of trustees unit-based compensation <sup>3</sup>	72	—	205	—
[+] Net gain on interest rate derivatives	—	3	—	—
[-] Net loss (gain) on foreign exchange derivatives	—	(58)	—	(135)
[+] Other items <sup>4</sup>	—	718	—	718
[-] Non-cash royalty income <sup>5</sup>	(11)	(194)	(190)	(194)
[-] Non-cash interest income on loan receivable <sup>6</sup>	(66)	(30)	(215)	(30)
<b>Adjusted EBITDA</b>	<b>15,814</b>	<b>11,869</b>	<b>55,068</b>	<b>68,658</b>
[÷] Total Cash Receipts	18,844	15,447	65,082	79,366
<b>Adjusted EBITDA Margin</b>	<b>84 %</b>	<b>77 %</b>	<b>85 %</b>	<b>87 %</b>

<sup>1</sup>In 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.

<sup>2</sup>Acquired royalties receivable and acquired cash royalties received were used to reduce the net purchase paid for the assets acquired by the Trust, as described under the Transactions Completed section of the MD&A.

<sup>3</sup>During 2022, certain members of the board of trustees elected to be compensated fully or partially in Deferred Units under the Trust's Incentive Plan.

<sup>4</sup>During the third quarter of 2021, the Trust recorded other current liabilities of US\$718 with a corresponding charge to other items to reflect the obligation for excess royalty payments received in connection with the Autoimmune Portfolio prior to the Trust's acquisition of the asset.

<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 for the three and nine months ended September 30, 2022 of nil and US\$334, respectively, was used to reduce the obligation for excess royalty payments received in connection with the Autoimmune Portfolio (2021 – US\$194 and US\$194). In addition, 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\$11 was used to reduce the obligation during the three and nine months ended September 30, 2022. Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of US\$144.

<sup>6</sup>For the three and nine months ended September 30, 2022, non-cash interest income on loan receivable represents the amortization of commitment fees of US\$22 and US\$72, respectively, (2021 – US\$10 and US\$10, respectively) and the accretion of exit fees receivable of US\$44 and US\$143, respectively (2021 – US\$20 and US\$20, respectively).



## Adjusted Cash Earnings per Unit

We believe that Adjusted Cash Earnings per Unit provides meaningful information about our performance as it provides a measure of the cash generated by our assets on a per unit basis. The reconciliation for the comparative period has been adjusted to conform with the current period's composition.

	Three months ended		Nine months ended	
	September 30, 2022	Pro Forma September 30, 2021 <sup>2</sup>	September 30, 2022	Pro Forma September 30, 2021 <sup>2</sup>
<i>(thousands of US dollars, except per unit amounts)</i>				
Net earnings and other comprehensive earnings	7,614	7,635	16,405	18,201
[+] Amortization or royalty assets	13,992	11,125	40,188	28,923
[+] Amortization of other current assets <sup>1</sup>	114	—	114	—
[+] Unit-based compensation	298	25	849	25
[+] Board of trustees unit-based compensation <sup>2</sup>	72	—	205	—
[+] Net gain on interest rate derivatives	—	3	—	—
[-] Net loss (gain) on foreign exchange derivatives	—	(58)	—	(135)
[+] Other items <sup>3</sup>	—	718	—	718
[-] Non-cash royalty income <sup>4</sup>	(11)	(194)	(190)	(194)
[-] Non-cash interest income on loan receivable <sup>5</sup>	(66)	(30)	(215)	(30)
<b>Adjusted Cash Earnings</b>	<b>22,013</b>	<b>19,224</b>	<b>57,356</b>	<b>47,508</b>
<b>Adjusted Cash Earnings per Basic Unit<sup>6</sup></b>	<b>0.57</b>	<b>0.48</b>	<b>1.48</b>	<b>1.44</b>
<b>Adjusted Cash Earnings per Fully Diluted Unit<sup>6</sup></b>	<b>0.57</b>	<b>0.48</b>	<b>1.48</b>	<b>1.44</b>

<sup>1</sup>In 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.

<sup>2</sup>During 2022, certain members of the board of trustees elected to be compensated fully or partially in Deferred Units under the Trust's Incentive Plan.

<sup>3</sup>During the third quarter of 2021, the Trust recorded other current liabilities of US\$718 with a corresponding charge to other items to reflect the obligation for excess royalty payments received in connection with the Autoimmune Portfolio prior to the Trust's acquisition of the asset.

<sup>4</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 for the three and nine months ended September 30, 2022 of nil and US\$334, respectively, was used to reduce the obligation for excess royalty payments received in connection with the Autoimmune Portfolio (2021 – US\$194 and US\$194). In addition, 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\$11 was used to reduce the obligation during the three and nine months ended September 30, 2022. Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of US\$144.

<sup>5</sup>For the three and nine months ended September 30, 2022, non-cash interest income on loan receivable represents the amortization of commitment fees of US\$22 and US\$72, respectively, (2021 – US\$10 and US\$10, respectively) and the accretion of exit fees receivable of US\$44 and US\$143, respectively (2021 – US\$20 and US\$20, respectively).

<sup>6</sup>The weighted average number of basic and diluted units for the three months ended September 30, 2022 were 38,657,266 units and 38,694,492 units, respectively. The weighted average number of basic and diluted units for the three months ended September 30, 2021 was 40,107,407 units. The weighted average number of basic and diluted units for the nine months ended September 30, 2022 were 38,684,889 units and 38,710,064 units, respectively. The weighted average number of basic and diluted units for the nine months ended September 30, 2021 was 32,908,642 units.



## **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 our founding in 1989, DRI Capital has deployed more than US\$2 billion, acquiring more than 60 royalties on 40-plus drugs, including Eylea, Spinraza, Zytiga, Remicade, Keytruda and Stelara. DRI Healthcare Trust's units are listed and trade 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 [drihealthcaretrust.com](http://drihealthcaretrust.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 our belief that our strong balance sheet, combined with the recent increase in our credit facility, will support further growth, that the cash receipts from the assets acquired in our transactions are expected to flatten to slightly increase our cash flow curve through to the end of 2025 and that the Trust is in position to execute on the most attractive deals. 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. 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 [drihealthcaretrust.com](http://drihealthcaretrust.com).

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