

DRI Healthcare Trust Reports Fourth Quarter and Fiscal 2022 Results

– 2022 deployment of US\$281 million continues to validate growth strategy –

– Continued strong performance of existing assets and financial results –

Toronto, Ontario – March 1, 2023 – DRI Healthcare Trust (TSX: DHT.UN/DHT.U) (“DRI” or “the Trust”) today announced its financial results for the fourth quarter and fiscal year ended December 31, 2022. The Trust’s annual 2022 financial statements and Management’s Discussion & Analysis (“MD&A”) have been filed on SEDAR (www.sedar.com). All dollar amounts are expressed in US dollars unless otherwise indicated.

“The Trust had another successful year, with continued strong performance of our assets” said Behzad Khosrowshahi, Chief Executive Officer of DRI Healthcare Trust. “During 2022 we added royalties on Vonjo, Empaveli, Zejula, Omidria and Xenpozyme to the portfolio, high-quality assets with long-term horizons and attractive growth prospects. Our financial flexibility and robust pipeline driven by a favourable market environment puts us in excellent position to continue sourcing and executing on attractive opportunities and deliver on the value proposition for our unitholders.”

Fourth Quarter Highlights

- Deployed US\$30 million in the Xenpozyme royalty transaction;
- Total Income of US\$22.6 million;
- Total Cash Receipts of US\$31.2 million¹;
- Adjusted EBITDA of US\$27.4 million¹;
- Net Loss and Comprehensive Loss of US\$4.8 million;
- Adjusted Cash Earnings per Unit (basic and diluted) of US\$0.39^{1,2};
- Net Loss per Unit (basic and diluted) of US\$0.13²;
- Acquired a total of 910,460 trust units for an aggregate purchase price of US\$4.8 million under the Trust’s normal course issuer bid;
- Declared a quarterly cash distribution of US\$0.075 per unit and a special unit distribution of US\$0.1655 per unit to unitholders of record as at December 31, 2022.

Fiscal 2022 Highlights

- Total Income of US\$93.0 million;
- Total Cash Receipts of US\$96.2 million;
- Adjusted EBITDA of US\$82.4 million;
- Net Earnings and Comprehensive Earnings of US\$11.6 million;
- Adjusted Cash Earnings per Unit (basic and diluted) of US\$1.87^{1,3};
- Net Earnings per Unit (basic and diluted) of US\$0.30³
- Total cash returned to unitholders of US\$18.8 million through cash distributions declared in the year of US\$11.5 million and unit buybacks under the Trust's normal course issuer bid ("NCIB") of US\$7.3 million;
- Total deployment of US\$281.0 million through the purchase of royalties on Vonjo, Empaveli, Zejula, Omidria and Xenpozyme.

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 December 31, 2022 were 38,231,059 units and 38,270,508 units, respectively.

³ The weighted average number of basic and diluted units for the year ended December 31, 2022 were 38,570,499 units and 38,591,392 units, respectively.

Subsequent to Quarter End

- Payment of Vonjo milestone of US\$6.5 million based on sales of the product exceeding the defined threshold;
- US\$95.0 million private placement of preferred securities and warrants;
- Today, the board of trustees declared a quarterly cash distribution of US\$0.075 per unit for the first quarter of 2023, which is payable on April 20, 2023 to unitholders of record on March 31, 2023;

Financial Highlights

	Three months ended		Year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021 ¹
<i>(thousands of US dollars, except per unit amounts)</i>				
Total income	22,642	22,214	93,034	81,765
Management fees	2,055	2,112	6,532	6,275
Amortization expenses	19,078	12,914	59,266	41,837
Other expenses	6,316	3,826	15,638	12,090
Net earnings (loss) and comprehensive earnings (loss)	(4,807)	3,362	11,598	21,563
Net earnings (loss) per unit – basic	(0.13)	0.08	0.30	0.62
Net earnings (loss) per unit – diluted	(0.13)	0.08	0.30	0.62
Total Cash Receipts/ Pro Forma Total Cash	31,150	36,278	96,232	115,644
Adjusted EBITDA/ Pro Forma Adjusted EBITDA ^{2,3}	27,371	31,969	82,439	100,627
Adjusted EBITDA Margin/ Pro Forma Adjusted EBITDA Margin ^{2,3}	88 %	88 %	86 %	87 %
Adjusted Cash Earnings per Unit – Basic ²	0.39	0.41	1.87	1.85
Adjusted Cash Earnings per Unit – Diluted ²	0.39	0.41	1.87	1.85
Weighted average number of Units – Basic	38,231,059	39,802,522	38,570,499	34,646,277
Weighted average number of Units - Diluted	38,570,508	39,810,526	38,591,392	34,654,282

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

² 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.

³ Total Cash Receipts for the year ended December 31, 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 year ended December 31, 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 for the year ended December 31, 2022 and are referred to as Pro Forma Total Cash Receipts, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDA Margin, respectively.



Asset Performance

As at December 31, 2022, the Trust's portfolio included 22 royalty streams on 18 products that address severe and life-threatening conditions, such as oncology, spinal muscular atrophy, ophthalmology, endocrinology, hematology, dermatology, acid sphingomyelinase deficiency, autoimmune diseases and influenza. On December 31, 2022, the royalty asset portfolio had a book value, net of accumulated amortization, of US\$518.1 million, which generated Total Cash Royalty Receipts³ of US\$29.6 million and US\$90.8 million during the three months and year ended December 31, 2022, respectively, and royalty income of US\$21.0 million and US\$87.3 million during the three months and year ended December 31, 2022, respectively. In addition, the Trust held a secured loan receivable with a gross principal outstanding balance of US\$50.0 million as at December 31, 2022, which generated cash interest receipts of US\$1.5 million and US\$5.4 million during the three months and year ended December 31, 2022, respectively, and interest income of US\$1.6 million and US\$5.7 million during the three months and year ended December 31, 2022, respectively.

Portfolio

(thousands of US dollar)

Product	Therapeutic Area	Marketer(s)	Total Cash Receipts ¹			
			Three months ended		Year ended	
			December 31, 2022	December 31, 2021	December 31, 2021	December 31, 2021 ²
Empaveli	Hematology	Apellis, Swedish Orphan Biovitrum	269	—	269	—
Eylea I ³	Ophthalmology	Regeneron, Bayer, Santen	1,290	6,710	5,399	12,750
Eylea II ³	Ophthalmology	Regeneron, Bayer, Santen	1,407	2,972	5,881	5,656
FluMist	Influenza	AstraZeneca	734	910	2,952	3,179
Natpara	Endocrinology	Takeda	575	634	2,625	2,208
Omidria	Ophthalmology	Rayner Surgical	1,670	—	1,670	—
Oracea	Dermatology	Galderma	1,845	2,303	7,662	6,014
Rilpivirine Portfolio ⁴	HIV	Johnson & Johnson, Gilead, ViiV	—	—	—	14,368
Rydapt	Oncology	Novartis	2,226	2,527	10,102	11,297
Spinraza	Spinal Muscular Atrophy	Biogen	3,879	4,382	16,466	19,631
Stelara, Simponi and Ilaris ⁵	Autoimmune Diseases	Johnson & Johnson, Merck, Novartis	597	1,786	3,704	9,387
Vonjo	Oncology	CTI Biopharma	1,751	—	3,155	—
Xenpozyme ⁶	Acid Sphingomyelinase Deficiency	Sanofi	—	—	—	—
Xolair	Respiratory	Roche, Novartis	3,019	2,703	9,646	8,744
Zejula	Oncology	GSK, Takeda, Zai Lab	692	—	692	—
Zytiga	Oncology	Johnson & Johnson	9,101	9,020	18,059	18,518
Other Products ^{7,8}	Various	Various	562	540	2,563	2,101
Total Cash Royalty Receipts^{1,2}			29,617	34,487	90,845	113,853
Interest Receipts from Loan Receivable			1,533	1,791	5,387	1,791
Total Cash Receipts^{1,2}			31,150	36,278	96,232	115,644

¹ 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.

² Total Cash Receipts and Total Cash Royalty Receipts for the year ended December 31, 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 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.

³ Cash royalty receipts from Eylea I and Eylea II in the fourth quarter of 2021 include late payments of US\$4,718 related to royalty receivables from the third quarter of 2021.

⁴ 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.

⁵ Stelara, 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.

⁶ The 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.

⁷ 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.

⁸ For the year ended December 31, 2022, the Trust received US\$750 related to the settlement of litigation on a royalty asset held by the Trust's current subsidiary prior to the Trust's acquisition of the subsidiary.

Liquidity and Capital

On December 31, 2022, the Trust had cash and cash equivalents of US\$36.7 million. The Trust's credit facility had an outstanding principal balance of US\$246.9 million on December 31, 2022.

The Trust had 37,790,395 units issued and outstanding on December 31, 2022.

Distributions

On November 7, 2022, the board of trustees approved a quarterly cash distribution of US\$0.075 per unit, which was paid to unitholders on January 20, 2023. On December 21, 2022, the board of trustees approved a special unit distribution of US\$0.1655 per unit, which was issued to unitholders of record on December 31, 2022 and resulted in no change to the number of issued and outstanding units. 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 first quarter of 2023, payable on April 20, 2023, to unitholders of record on March 31, 2023.

Normal Course Issuer Bid

During the year, the Trust repurchased and cancelled 1,388,440 of its own units under its NCIB for an aggregate amount of US\$7.3 million at a weighted average price of C\$6.87 per unit (US\$5.23). 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. Under the Trust's prior NCIB that commenced on October 5, 2021 and concluded on October 4, 2022, the Trust obtained approval from the TSX to purchase 2,500,000 units.

Xenpozyme Transaction

On November 25, 2022, the Trust completed a transaction for a royalty on sales of Xenpozyme for a purchase price of US\$30.0 million. The transaction entitles the Trust to royalties equal to approximately one percent of worldwide net sales of Xenpozyme. The Trust is entitled to receive semi-annual royalty payments in respect of net sales of Xenpozyme commencing from the transaction date on a two-quarter lag from the respective half-year period. For sales made in the first and second quarters of the year, the Trust expects to receive its royalty payment in the second quarter of that year. For sales made in the third and fourth quarters of the year, the Trust expects to receive its royalty payment in the second quarter of the following year. The Trust expects to receive royalties on net sales of Xenpozyme for approximately 15 years.

In accordance with the terms of the royalty agreement, the royalty seller may also be entitled to additional consideration of up to US\$26.5 million in the event that cumulative royalties received by the Trust on Xenpozyme sales exceed certain thresholds within a predefined period of time.

Preferred Securities

On February 8, 2023, the Trust completed a private placement (the "Private Placement") to a group of investors. The Private Placement provides gross proceeds to DRI of US\$95 million through the sale of US\$95 million principal amount of Series A Preferred Securities and US\$19.8 million principal amount of Series B Preferred Securities (the "Preferred Securities"), which are unsecured, subordinated debt securities of the Trust. The Preferred Securities will initially pay cash interest at a rate of 7.04% per annum on the principal amount of the Preferred Securities, payable semi-annually on June 30 and December 31 of each year.

The Series A Preferred Securities will mature on February 8, 2023 and the Series B Preferred Securities will mature on December 27, 2027. The Series A Preferred Securities can be redeemed at par, at the option of DRI, at any time from and after December 27, 2027. The Preferred Securities will not be redeemable by the Trust prior to December

27, 2027, except in the event of a change of control of the Trust, in which case the Preferred Securities will be subject to a mandatory redemption.

The interest rate on the Series A Preferred Securities will increase to 10% per annum if any of the Series A Preferred Securities are outstanding on January 1, 2028 and will be subject to an annual increase of 1.5% per annum if any of the Preferred Securities remain outstanding on each one year anniversary of such date, up to a specified cap.

In connection with the Private Placement, DRI also issued 6,369,180 warrants (the "Warrants") to the Private Placement investors. Each Warrant entitles the holder thereof to acquire one unit of the Trust for an exercise price of US\$11.62 at any time until the expiry of the Warrant on February 8, 2028.

2022 Highlights

In addition to the strong performance of the asset portfolio during the year, the Trust continued to execute on the growth strategy outlined to its unitholders since going public in February 2021.

On February 28, 2022, the FDA approved pacritinib, to be marketed under the brand name Vonjo, for the treatment of adult myelofibrosis patients with platelets below 50 x 10⁹/L, triggering a US\$60 million tiered royalty transaction in accordance with the terms of the transaction with CTI BioPharma announced in August 2021. The Trust received its first cash royalty receipts in respect of Vonjo in the second quarter of 2022.

On July 20, 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. The Trust received its first cash royalty receipts in respect of Empaveli in the fourth quarter of 2022.

On September 9, 2022, the Trust completed a transaction for a royalty interest in Zejula for a purchase price of US\$35.0 million. An additional milestone payment of US\$10.0 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. The Trust received its first cash royalty receipts in respect of Zejula in the fourth quarter of 2022.

On September 30, 2022, The Trust completed a transaction for a royalty interest in Omidria for a purchase price of US\$125.0 million. In accordance with the terms of the royalty agreement, the Trust will be entitled to receive royalties until December 2030 subject to a series of escalating annual caps. The Trust received its first cash royalty receipts in respect of Omidria in the fourth quarter of 2022.

On November 25, 2022, the Trust completed a transaction for a tiered royalty on sales of Xenpozyme for a purchase price of US\$30.0 million. The transaction entitles the Trust to royalties equal to approximately one percent of worldwide net sales of Xenpozyme. The Trust expects to receive its first cash royalty receipts in respect of Xenpozyme in the second quarter of 2023.

Throughout 2022, the Trust declared and subsequently paid cash distributions totalling US\$0.30 per unit, for aggregate distributions of US\$11.5 million, consistent with the Trust's policy of distributing cash equal to 20-30% of available cash flow to its unitholders.



Fourth Quarter and Fiscal Year 2022 Conference Call & Webcast

As previously announced, management will hold a conference call on Wednesday, March 2, 2023, at 8:00 a.m. (ET) to review the Trust's 2022 annual 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/5dpLg07Py3D>. 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 months and year ended December 31, 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. Total income represents royalty income, interest income on loan receivable and other interest income.

(thousands of US dollars)	Three months ended		Year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	Pro Forma December 31, 2021 ¹
Total income	22,642	22,214	93,034	81,765
[-] Other interest income	(50)	(1)	(83)	(8)
[+] Royalties receivable, beginning of period	36,386	43,965	30,148	—
[-] Royalties receivable, end of period	(27,748)	(30,148)	(27,748)	(30,148)
[+] Acquired royalties receivable ²	—	—	1,366	58,120
[+] Acquired cash royalties received ²	—	—	—	6,405
[-] Non-cash royalty income ³	(4)	(190)	(194)	(384)
[+] Interest receivable, beginning of period	—	514	—	—
[-] Interest receivable, end of period	—	—	—	—
[-] Non-cash interest income on loan receivable ⁴	(76)	(76)	(291)	(106)
Total Cash Receipts	31,150	36,278	96,232	115,644
[-] Interest income on loan receivable	(1,609)	(1,353)	(5,678)	(1,897)
[-] Interest receivable, beginning of period	—	(514)	—	—
[+] Interest receivable, end of period	—	—	—	—
[+] Non-cash interest income on loan receivable ⁴	76	76	291	106
Total Cash Royalty Receipts	29,617	34,487	90,845	113,853

¹Total Cash Receipts and Total Cash Royalty Receipts for the year ended December 31, 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 from the assets acquired in the Closing Transactions from January 1, 2021 to February 18, 2021 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 section of the MD&A. Cash receipts for year ended December 31, 2021 also 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.

²Acquired 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.

³Non-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 and year ended December 31, 2022 of nil and US\$334, respectively, were used to reduce the obligation for excess royalty payment received in connection with Ilaris (2021 – US\$190 and US\$384, respectively). 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\$4 and US\$15, respectively, were used to reduce the obligation during the three months and year ended December 31, 2022. Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of US\$140.

⁴For the three months and year ended December 31, 2022, non-cash interest income on loan receivable represents the amortization of commitment fee of US\$25 and US\$97, respectively, (2021 – US\$25 and US\$35, respectively) and the accretion of exit fee receivable of US\$51 and US\$194, respectively (2021 – US\$51 and US\$71, 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 net earnings and comprehensive earnings. We refer to EBITDA when reconciling our net earnings and 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)	Three months ended		Year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	Pro Forma December 31, 2021
Net earnings (loss) and comprehensive earnings (loss)	(4,807)	3,362	11,598	21,563
[+] Amortization or royalty assets	19,078	12,914	59,266	41,837
[+] Amortization of other current assets ¹	146	—	260	—
[-] Other interest income	(50)	(1)	(83)	(8)
[+] Interest expense	4,013	1,125	6,630	2,236
EBITDA	18,380	17,400	77,671	65,628
[+] Royalties receivable, beginning of period	36,386	43,965	30,148	—
[-] Royalties receivable, end of period	(27,748)	(30,148)	(27,748)	(30,148)
[+] Interest receivable, beginning of period	—	514	—	—
[-] Interest receivable, end of period	—	—	—	—
[+] Acquired royalties receivable ²	—	—	1,366	58,120
[+] Acquired cash royalties received ²	—	—	—	6,405
[+] Unit-based compensation	342	448	1,191	473
[+] Board of trustees unit-based compensation ³	91	—	296	—
[+] Net gain on interest rate derivatives	—	(2)	—	(2)
[-] Net loss (gain) on foreign exchange derivatives	—	58	—	(77)
[+] Other items ⁴	—	—	—	718
[-] Non-cash royalty income ⁵	(4)	(190)	(194)	(384)
[-] Non-cash interest income on loan receivable ⁶	(76)	(76)	(291)	(106)
Adjusted EBITDA	27,371	31,969	82,439	100,627
[÷] Total Cash Receipts	31,150	36,278	96,232	115,644
Adjusted EBITDA Margin	88%	88%	86%	87%

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.

²Acquired 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.

³During 2022, certain members of the board of trustees elected to be compensated fully or partially in DUs under the Trust's Incentive Plan.

⁴During 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 Ilaris prior to the Trust's acquisition of the asset.

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 and year ended December 31, 2022 of nil and US\$334, respectively, were used to reduce the obligation for excess royalty payment received in connection with Ilaris (2021 – US\$190 and US\$384, respectively). 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\$4 and US\$15, respectively, were used to reduce the obligation during the three months and year ended December 31, 2022. Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of US\$140.

⁶For the three months and year ended December 31, 2022, non-cash interest income on loan receivable represents the amortization of commitment fee of US\$25 and US\$97, respectively, (2021 – US\$25 and US\$35, respectively) and the accretion of exit fee receivable of US\$51 and US\$194, respectively (2021 – US\$51 and US\$71, 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.

	Three months ended		Year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
<i>(thousands of US dollars, except per unit amounts)</i>				
Net earnings (loss) and comprehensive earnings (loss)	(4,807)	3,362	11,598	21,563
[+] Amortization or royalty assets	19,078	12,914	59,266	41,837
[+] Amortization of other current assets ¹	146	—	260	—
[+] Unit-based compensation	342	448	1,191	473
[+] Board of trustees unit-based compensation ²	91	—	296	—
[+] Net gain on interest rate derivatives	—	(2)	—	(2)
[-] Net loss (gain) on foreign exchange derivatives	—	58	—	(77)
[+] Other items ³	—	—	—	718
[-] Non-cash royalty income ⁴	(4)	(190)	(194)	(384)
[-] Non-cash interest income on loan receivable ⁵	(76)	(76)	(291)	(106)
Adjusted Cash Earnings	14,770	16,514	72,126	64,022
Adjusted Cash Earnings per Basic Unit	0.39	0.41	1.87	1.85
Adjusted Cash Earnings per Fully Diluted Unit	0.39	0.41	1.87	1.85
Weighted average number of Units – Basic	38,231,059	39,802,522	38,570,499	34,646,277
Weighted average number of Units - Diluted	38,570,508	39,810,526	38,591,392	34,654,282

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.

²During 2022, certain members of the board of trustees elected to be compensated fully or partially in DUs under the Trust's Incentive Plan.

³During 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 Ilaris prior to the Trust's acquisition of the asset.

⁴Non-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 and year ended December 31, 2022 of nil and US\$334, respectively, were used to reduce the obligation for excess royalty payment received in connection with Ilaris (2021 – US\$190 and US\$384, respectively). 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\$4 and US\$15, respectively, were used to reduce the obligation during the three months and year ended December 31, 2022. Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of US\$140.

⁵For the three months and year ended December 31, 2022, non-cash interest income on loan receivable represents the amortization of commitment fee of US\$25 and US\$97, respectively, (2021 – US\$25 and US\$35, respectively) and the accretion of exit fee receivable of US\$51 and US\$194, respectively (2021 – US\$51 and US\$71, respectively).



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\$2.5 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 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 our belief that our financial flexibility and robust pipeline driven by strong market conditions puts us in excellent position to continue sourcing and executing on attractive opportunities and deliver on the value proposition for our unitholders and that The Trust expects to receive its first cash royalty receipts in respect of Xenpozyme in the second quarter of 2023. 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 drihealthcare.com.

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