

The logo features a teal plus sign to the left of the word "DRIHEALTHCARE" in a bold, dark blue, sans-serif font.

# DRIHEALTHCARE

The background is a light blue gradient with a pattern of hexagons and circles. Several circular icons are overlaid: a plus sign, a test tube, a caduceus, and a pill.

# ADVANCING SCIENCE

in the Fast-Growing Pharmaceutical and Biotechnology Sector

Q4 and FY 2023 Earnings Call | February 29, 2024

# Disclaimer

This presentation has been prepared by DRI Healthcare Trust (the “Trust”). The Trust is an unincorporated open-ended fund trust governed by the laws of the Province of Ontario, Canada and is externally managed by DRI Capital Inc. (“DRI Capital” or the “Manager” and together with the Trust, “DRI Healthcare”). The Trust completed an initial public offering (the “IPO”) on February 11, 2021 in which it acquired an initial portfolio of royalty assets from DRI Capital. The predecessor of the Manager was founded in 1989. Any references to employees or historical figures prior to the IPO refer to those of the Manager.

Certain statements made in this presentation, including responses to questions, may contain forward-looking statements within the meaning of the safe harbor provisions of Canadian provincial securities laws. Forward-looking statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements.

Statements regarding the Trust's outlook, including its 2024 royalty income guidance, deployment target and royalty income CAGR, and are based on its most up-to-date view of its prospects as of the date of this presentation. This long-term outlook includes potential royalty transactions currently in the Trust's pipeline and future royalty transactions that it may bring into its pipeline in accordance with its strict investment criteria. This long-term outlook assumes no material adverse events following the date of this presentation and there is no guarantee any future royalty transactions will be available or consummated. There can be no guarantee that the Trust will achieve its investment objectives.

For additional information about factors that may cause actual results to differ materially from expectations, and about material factors or assumptions applied in making forward-looking statements, please consult the MD&A, the Risk Factors section of the Annual Information Form and DRI Healthcare Trust's other filings with Canadian securities regulators. DRI Healthcare Trust does not undertake to update any forward-looking statements; such statements speak only as of the date made.

This presentation also makes reference to certain non-GAAP financial measures including Total Cash Receipts, Normalized Total Cash Receipts, Total Cash Royalty Receipts and Adjusted EBITDA, and certain non-GAAP ratios including Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit. These measures and ratios are not standardized measures under IFRS and are therefore unlikely to be comparable to similar financial measures disclosed by other issuers. Rather, these measures and ratios are provided as additional information to complement those IFRS measures by providing further understanding of DRI Healthcare Trust's financial performance from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS.

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

# 2023 highlights

## 1 Accretive transactions

- Deployed \$385 million in 5 royalty transactions
- Acquired royalties on Empaveli/Syfovre, Tzield, Orserdu and Vonjo

## 2 Significant capacity for growth

- Completed two follow-on offerings and issuance of preferred securities for gross proceeds of \$246 million
- Increased total credit available from credit facilities to \$500 million

## 3 Returning value to unitholders

- \$50.9 million cash returned via distributions and unit buybacks<sup>1</sup>
- \$43.1 million distributed as units in addition to cash distributions

1. Sum of cash distributions declared throughout 2023, including the distributions declared for unitholders of record on December 31, 2023 and paid on January 19, 2024, plus the total unit buybacks in 2023 under the Trust's normal course issuer bid.

# 2023 financial highlights

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

**\$131.2 million**

+36% over 2022

Total Income

**\$166.3 million**

+79% over 2022

Adjusted EBITDA<sup>1</sup>

**\$113.2 million**

+37% over 2022

Adjusted EBITDA Margin<sup>1</sup>

**86%**

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

**\$2.53 – Basic**  
**\$2.52 – Diluted**

Declared Cash Distributions per Unit

**\$1.10**

# Post year-end highlights



## Updated Guidance

### Roadmap for continued growth

- 2024 royalty income guidance of \$153 - \$155 million<sup>1</sup>
- Deployment guidance of \$1.25 billion for the 5 years ending 2025
- High teens royalty income CAGR through 2025 and mid- to high-single digit royalty income CAGR through 2030<sup>2</sup>



## Dividend Declaration

### Quarterly cash distribution

- Announced increase to quarterly distribution
- Declared a distribution of \$0.085 per unit for Q1 2024
- Payable on April 19, 2024 to unitholders of record on March 31, 2024


















## Royalty Transaction

### Omidria

- Deployed \$115 million on expansion of royalty interest in Omidria through an amendment of existing royalty agreement

Growth of the Trust anticipated to generate increasing accretive returns for investors

# Portfolio performance as of December 31, 2023

(US\$ millions)	Q4 2023	Q4 2022	% Change	2023	2022	% Change
<b>Total Cash Royalty Receipts<sup>1</sup></b>	<b>\$52.3</b>	<b>\$29.6</b>	<b>76%</b>	<b>\$127.9</b>	<b>\$90.8</b>	<b>41%</b>
 ORSERDU <sup>®</sup>	23.2	-	n/a	26.6	-	n/a
 VONJO <sup>®</sup>	3.7	1.8	113	11.2	3.2	254
 Xenpozyme <sup>™</sup>	0.4	-	n/a	0.7	-	n/a
 OMIDRIA <sup>®</sup>	3.3	1.7	95	13.0	1.7	678
 Zejula <sup>®</sup>	0.9	0.7	25	3.1	0.7	352
 EMPAVELI <sup>®</sup> SYFOVRE <sup>®</sup>	1.4	0.3	435	1.9	0.3	597
 ORACEA <sup>®</sup>	2.3	1.8	23	8.3	7.7	9
 EYLEA <sup>®</sup>	1.8	2.7	(34)	7.6	11.2	(33)
 FluMist Quadrivalent	0.9	0.7	29	2.4	2.9	(18)
 Natpara <sup>®</sup>	0.6	0.6	10	2.4	2.6	(7)
 RYDAPT <sup>®</sup>	1.7	2.2	(24)	8.2	10.1	(18)
 SPINRAZA <sup>®</sup>	4.4	3.9	14	16.8	16.5	2
 Stelara <sup>®</sup> Simponi <sup>®</sup> ILARIS <sup>®</sup>	0.3	0.6	(53)	1.3	3.7	(65)
 Xolair <sup>®</sup>	3.2	3.0	6	9.9	9.6	3
 Zytiga <sup>®</sup>	3.7	9.1	(59)	12.2	18.1	(32)
Other Products <sup>2</sup>	0.5	0.6	(14)	2.3	2.6	(13)

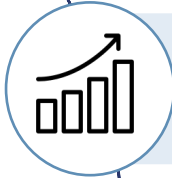
## Portfolio assets showed marked growth over 2023

1. Total Cash Royalty Receipts is a non-GAAP financial measure. See "Financial Review: Non-GAAP Financial Measures" in our MD&A, which includes a reconciliation of IFRS to non-GAAP measures. The MD&A is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).
2. 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.

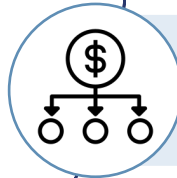
# Investment Highlights



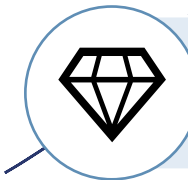
**The longest standing and a global leader** in buying healthcare royalties



Well positioned to capitalize on **generational industry growth** delivering attractive **uncorrelated cash flows**



**Diversified portfolio** of products by therapeutic area and marketer



**High yield value opportunity** that is priced attractively relative to peers

**DRIHEALTHCARE**

# Our competitive advantages

## 1 Seasoned team

of specialized investment professionals with life science backgrounds and advanced business and scientific degrees

## 2 Disciplined capital allocation

based on robust investment criteria that has resulted in 22% net IRRs<sup>1</sup> over three funds since 2006

## 3 Proactive sourcing

proprietary database tracking royalties on more than 2,500 drugs worldwide combined with deep industry relationships developed over our 30-year history

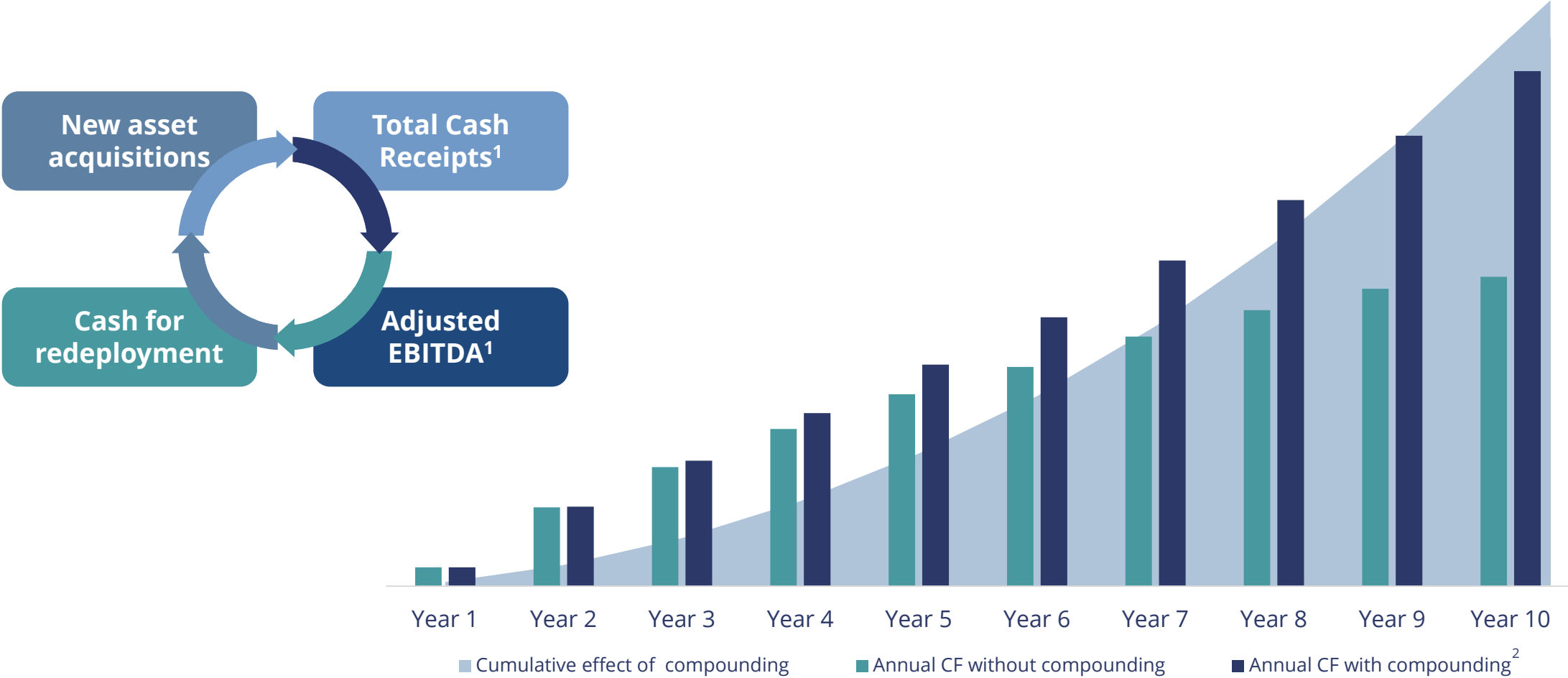
## 4 Strong execution

fundamental ground-up diligence on opportunities to execute high-quality transactions

1. IRR figure is net of fees and is based on results of funds managed by DRI Healthcare Trust's manager



# Positive effect of compounding of cash flows



## Virtuous cycle of growing returns and reinvestment

1. Total Cash Receipts and Adjusted EBITDA are non-GAAP measures. See "Financial Review: Non-GAAP Financial Measures" in our MD&A, which includes a reconciliation of IFRS to non-GAAP measures. The MD&A is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

2. The above chart is for illustrative purposes only to depict the effect of reinvesting cash flow over time. The chart was generated using a typical deal cash flow profile based on a historical analysis of DRI Healthcare's internal database of royalty transactions. Key assumptions include original transaction funded with a mix of debt and equity, with interest rate expense, management fees, and other operating costs factored in.

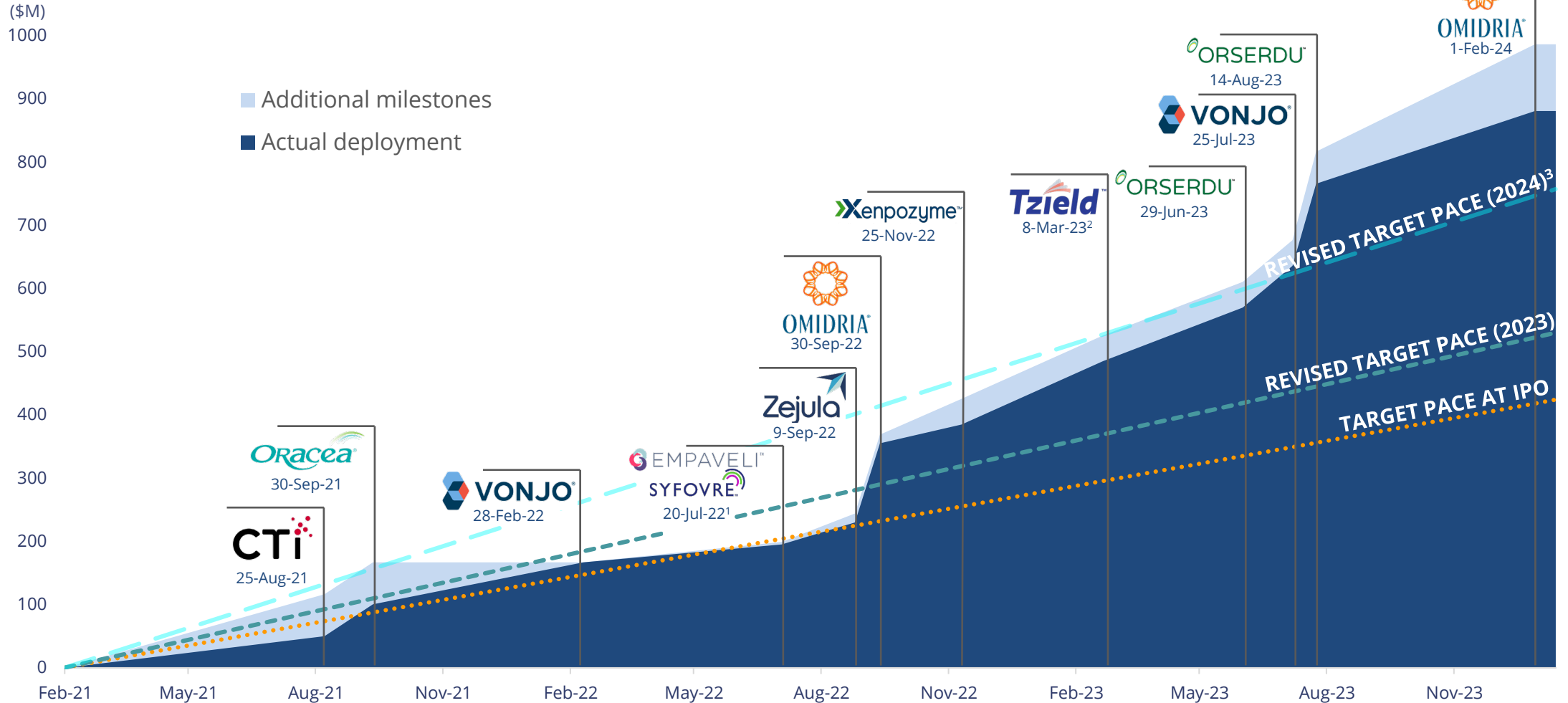
# Delivering on our long-term objectives

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

Focus on building long-term and sustainable strategic growth

1. Statements regarding the Trust's outlook over 5 years are based on its most up-to-date view of its prospects as of the date of this presentation. This long-term outlook includes potential royalty transactions currently in the Trust's pipeline and future royalty transactions that it may bring into its pipeline in accordance with its strict investment criteria. This long-term outlook assumes no material adverse events following the date of this presentation.

# Current deployment exceeds targets

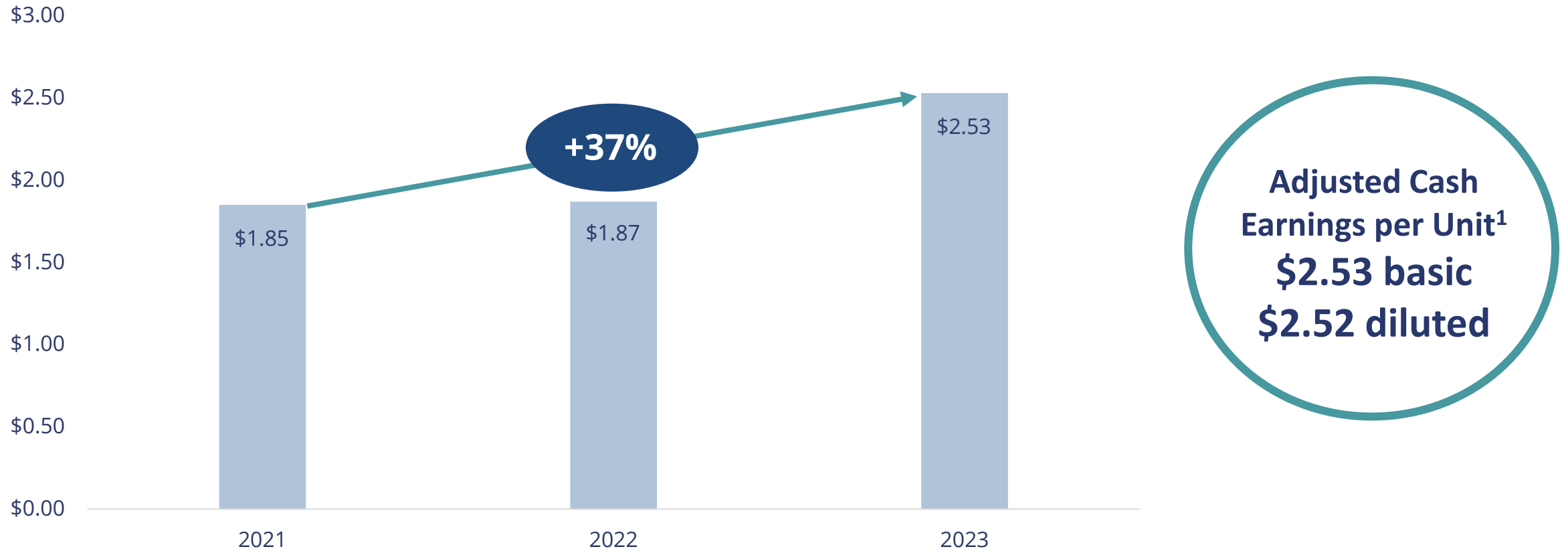


Deployment pace and need for capital by counterparties → 5 year deployment target increased to over \$1.25 billion<sup>3</sup>

1. Includes \$24.5 million royalty acquired on July 20, 2022 and \$3.7 million royalty acquired from a separate counterparty on April 3, 2023
2. We sold our interest in Tziel on April 27, 2023 to an affiliate of Sanofi SA ("Sanofi")
3. Deployment target is consistent with historical deployment since IPO, combined with assumed future capital availability based on forecasted royalty receipts and credit capacity. Forecasted royalty receipts take into account the existing assets in our portfolio and future execution of transactions in our pipeline of opportunities at a pace consistent with our past performance.

# Sustainable value creation

## Adjusted Cash Earnings per Unit<sup>1</sup> - Basic

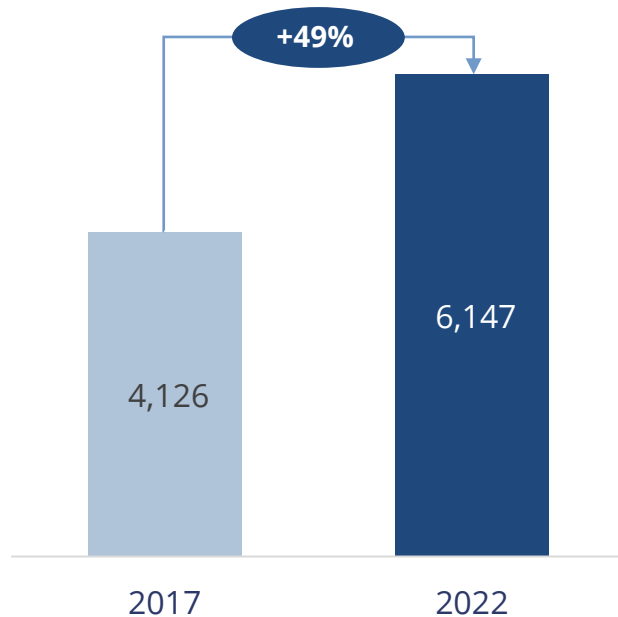


Strong performance drives accretive value for unitholders

1. Adjusted Cash Earnings per Unit is a non-GAAP ratio. See "Financial Review: Non-GAAP Financial Measures" in our MD&A, which includes a reconciliation of IFRS to non-GAAP measures. The MD&A is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca)

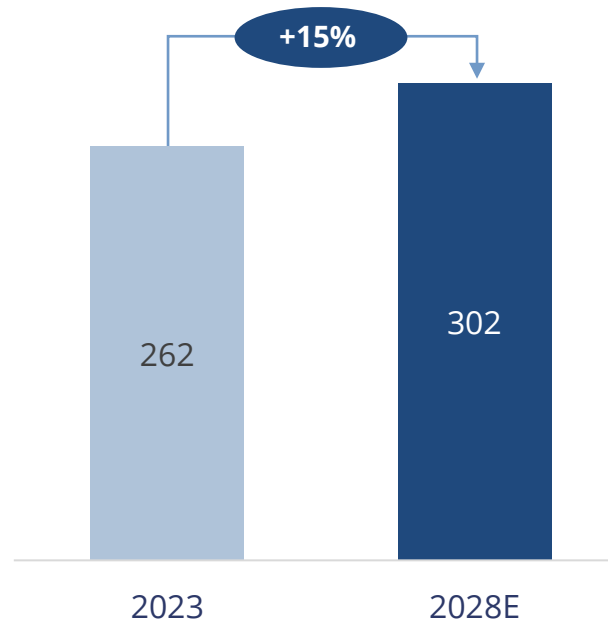
# Long-term drivers support royalty financing growth

**Growth of Biopharma clinical pipeline<sup>1</sup>**



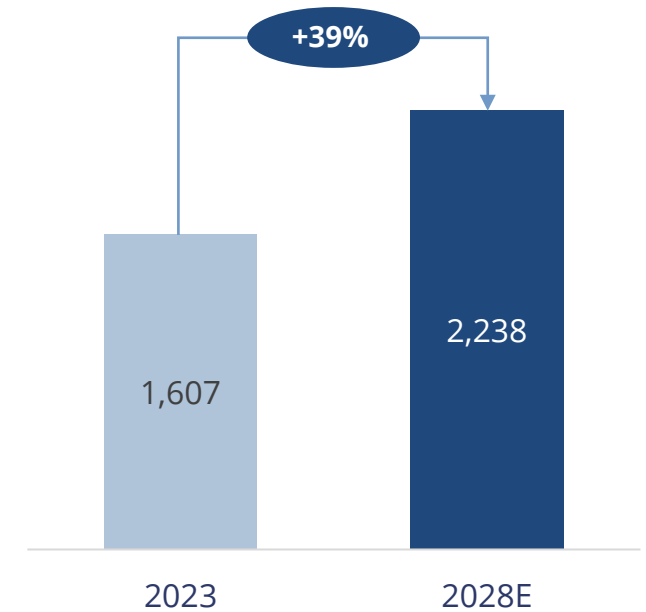
- Genomics
- Molecular diagnostics
- Data science

**Projected Growth of Worldwide Biopharma R&D Spend (\$B)<sup>2</sup>**



- Pace of innovation
- Complex modalities
- Real-world outcomes

**Projected Growth of Worldwide Medicine Spending (\$B)<sup>3</sup>**

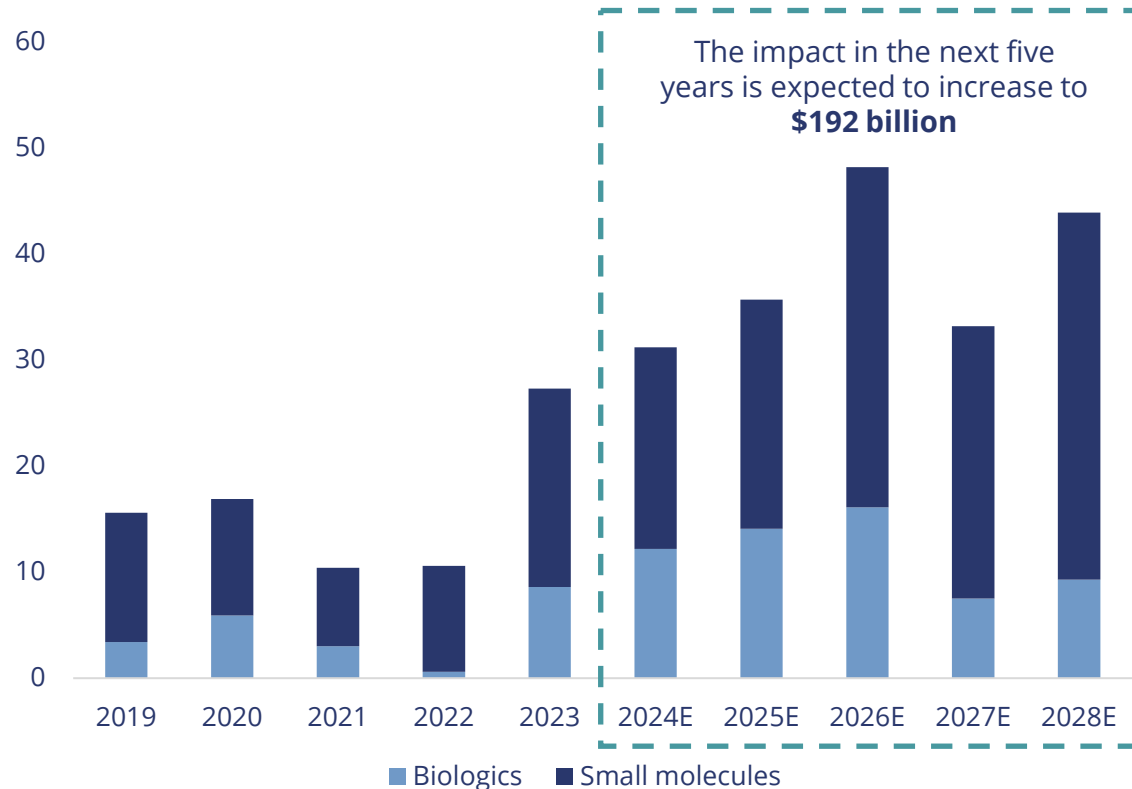


- Specialty medicines
- Aging population
- Emerging markets

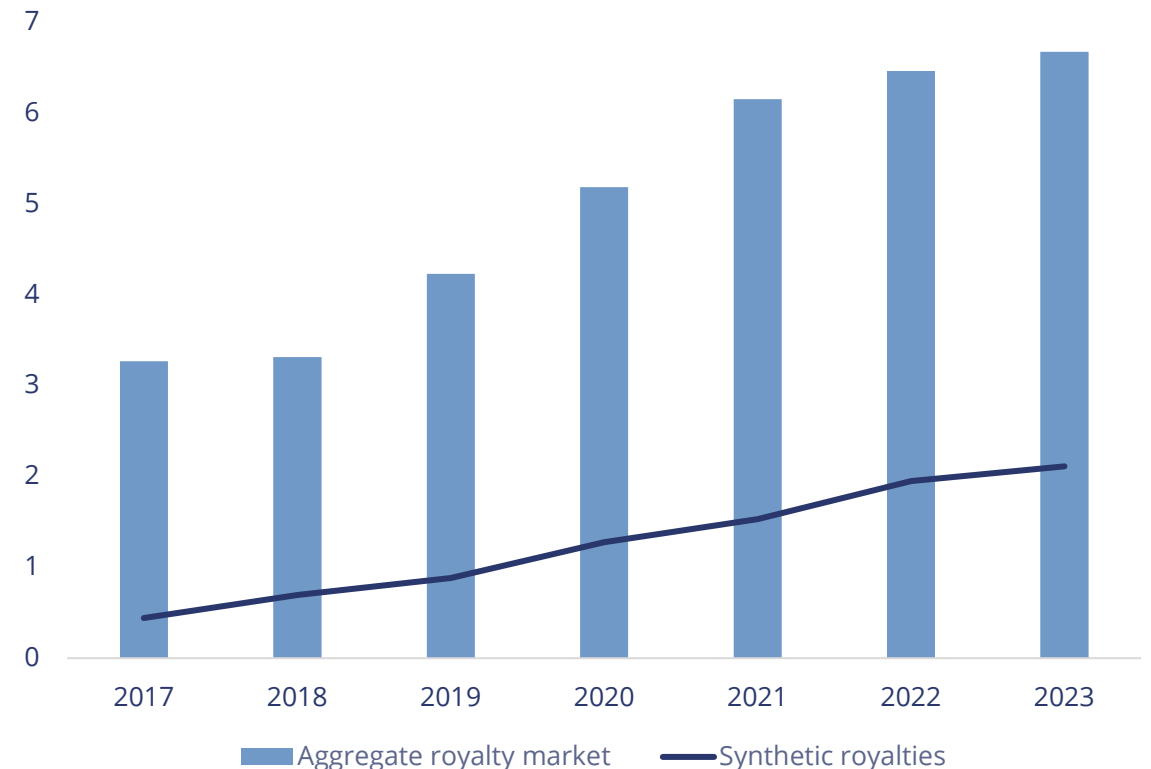
Growing capital needs to develop novel drugs bolsters our pipeline

# Loss of exclusivity fuels business development and expands royalty opportunity set

Revenue loss from pending loss of exclusivity (\$B)<sup>1</sup>



Trailing three-year average value of transactions (\$B)<sup>2</sup>

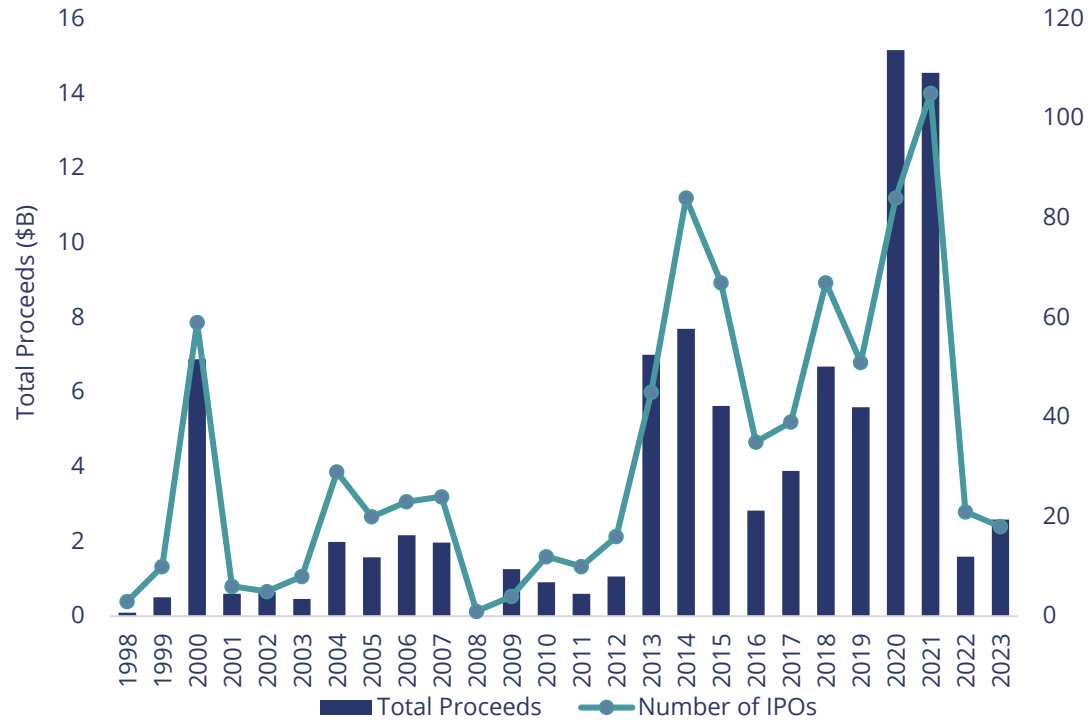


Pharma companies seek new drugs via business development to fill patent cliff, creating new royalty opportunities

1. Source: IQVIA Global Use of Medicines 2024, Outlook to 2028, January 2024  
 2. Source: Internal database. Includes royalty related monetization transactions across the ecosystem (inventor, academic/non-profit, biotech and pharma)

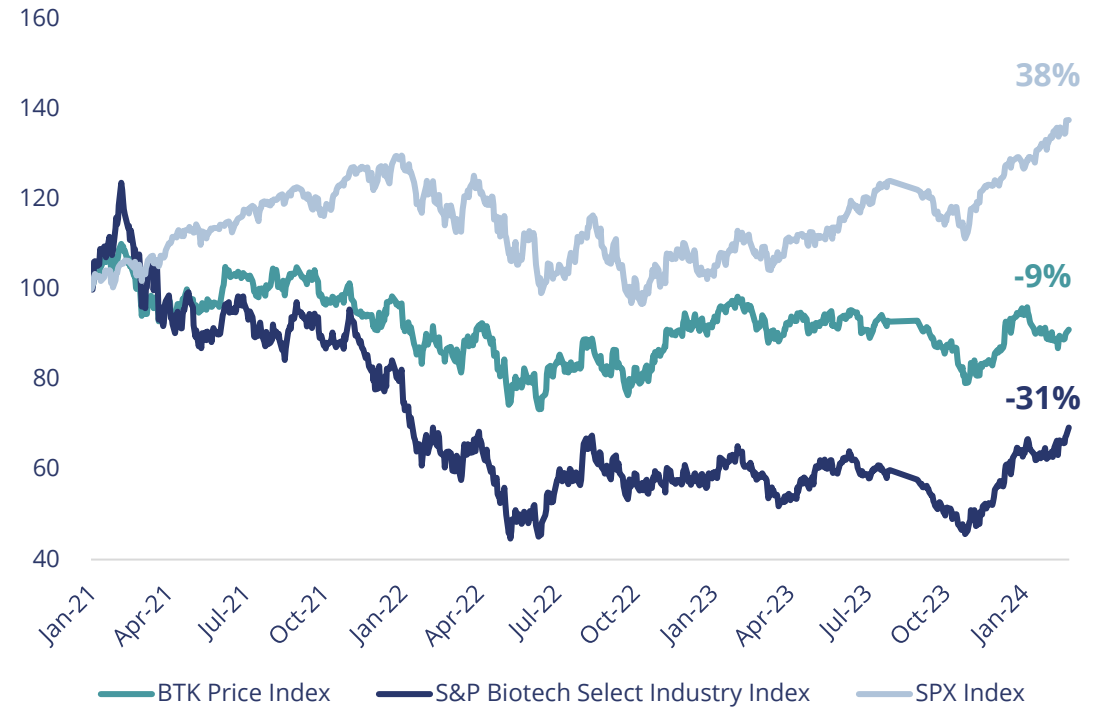
# State of the biotech market

## Biotech IPOs<sup>1</sup>



**Rapid expansion of biotech market with >500 IPOs in last 10 years**

## Biotech Equities Performance<sup>2</sup>

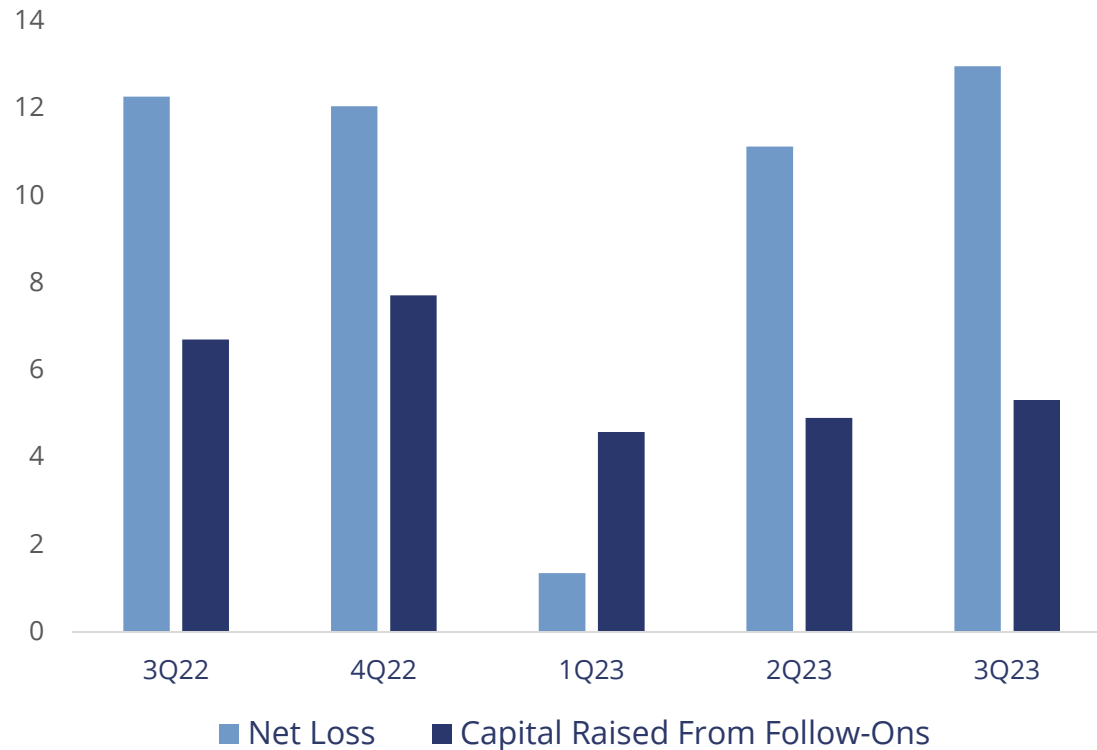


**Struggling equity capital markets for biotechs**

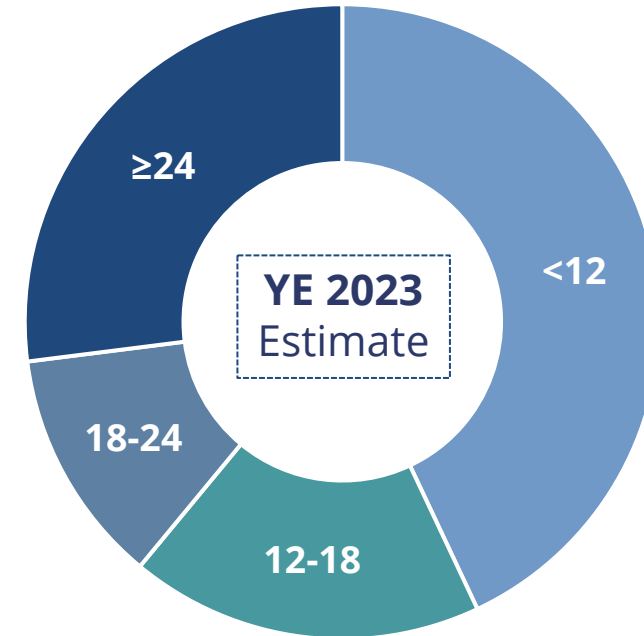
Creates an environment where a large amount of capital is required, making DRI's royalty financing very attractive

# US SMID Biotechs' limited cash reserves

Net Loss vs. Capital Raised (\$B)<sup>1</sup>



Cash Runway for Unprofitable NASDAQ Biotechs<sup>2</sup>

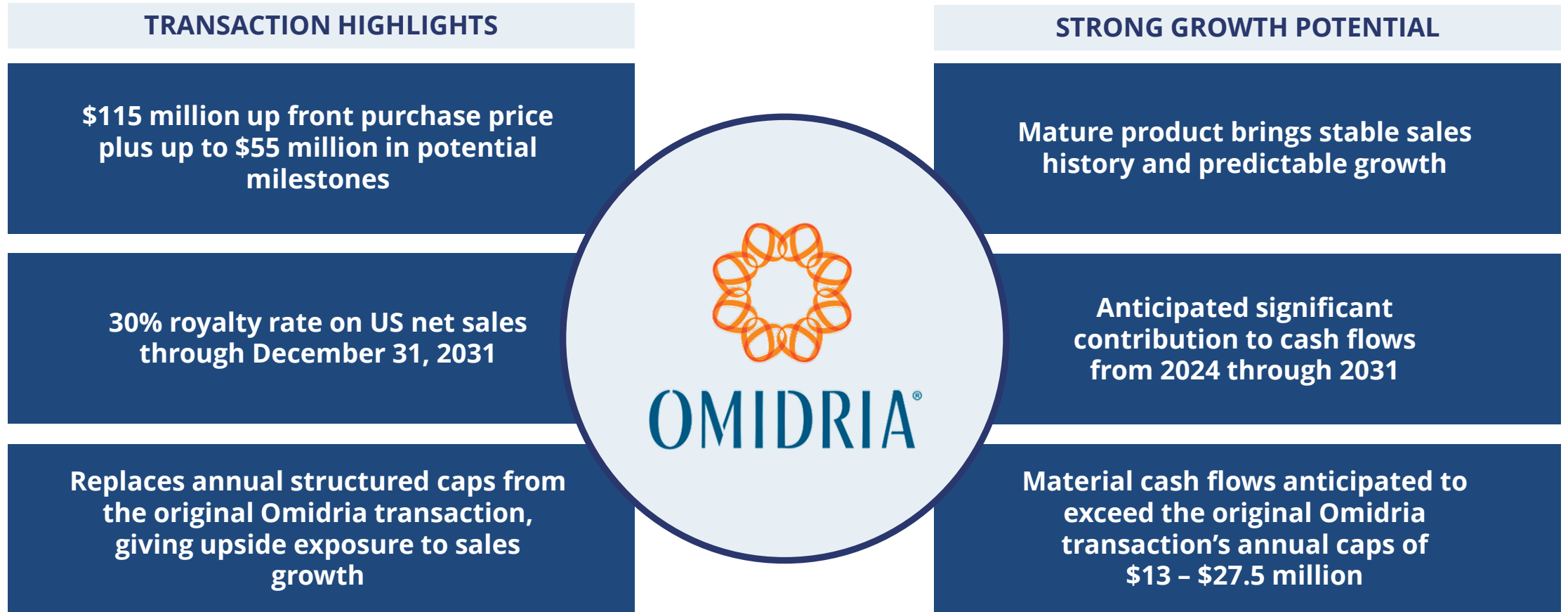


- 43% have cash runway of less than 12 months
- 30% have cash runway between 12-24 months
- Only 27% have cash runway 24 months or more

Tightening cash reserves highlight need to seek royalty-based financing



# Omidria expansion transaction



Highly accretive transaction with both near and long-term cash flow generation

# Robust pipeline

\$3.7 billion in opportunities

Address important unmet needs with life-changing therapies for patients

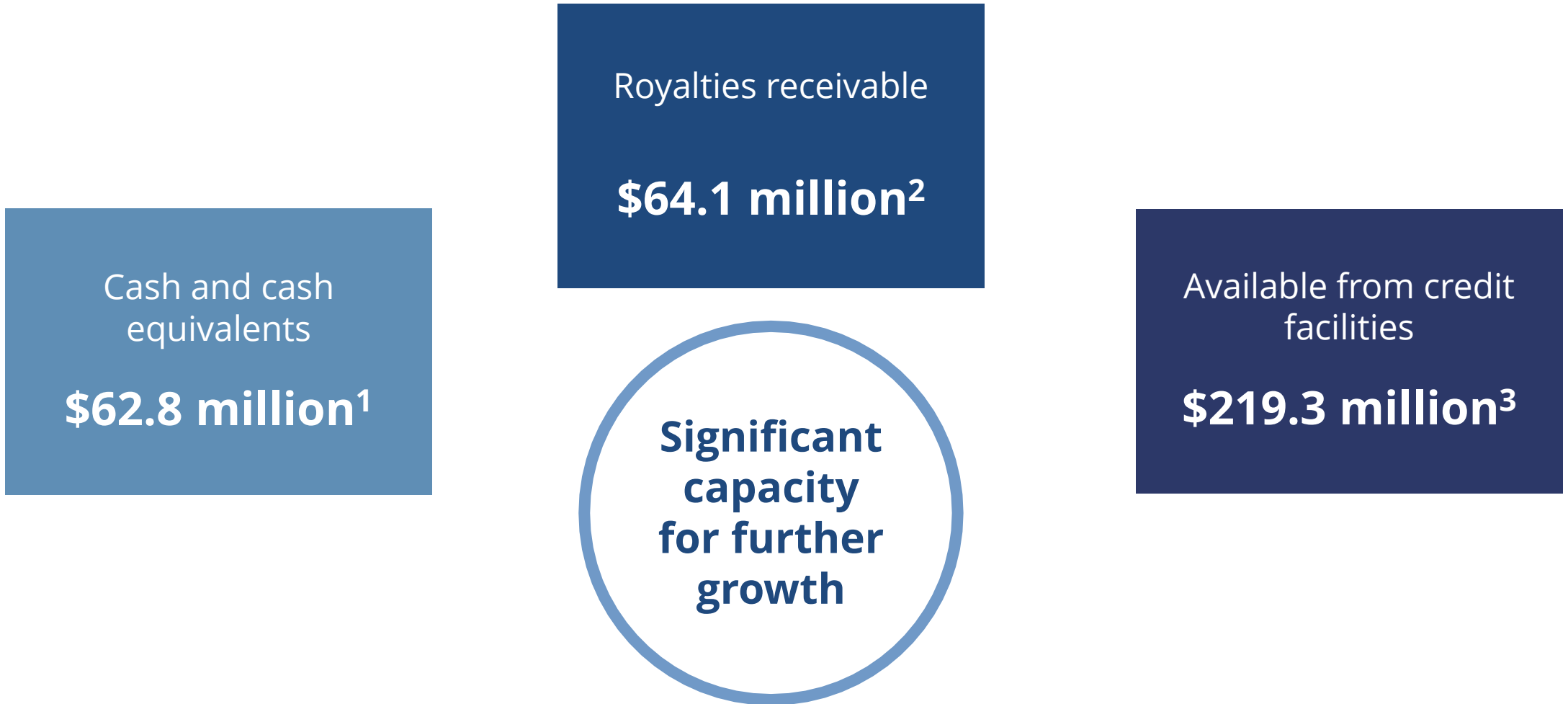
Marketed by leading biotech or biopharma companies

Provides strong intellectual property and regulatory protection

Further portfolio diversification and extension with attractive returns

All deals in the pipeline meet or exceed strict investment criteria

# Well capitalized for growth

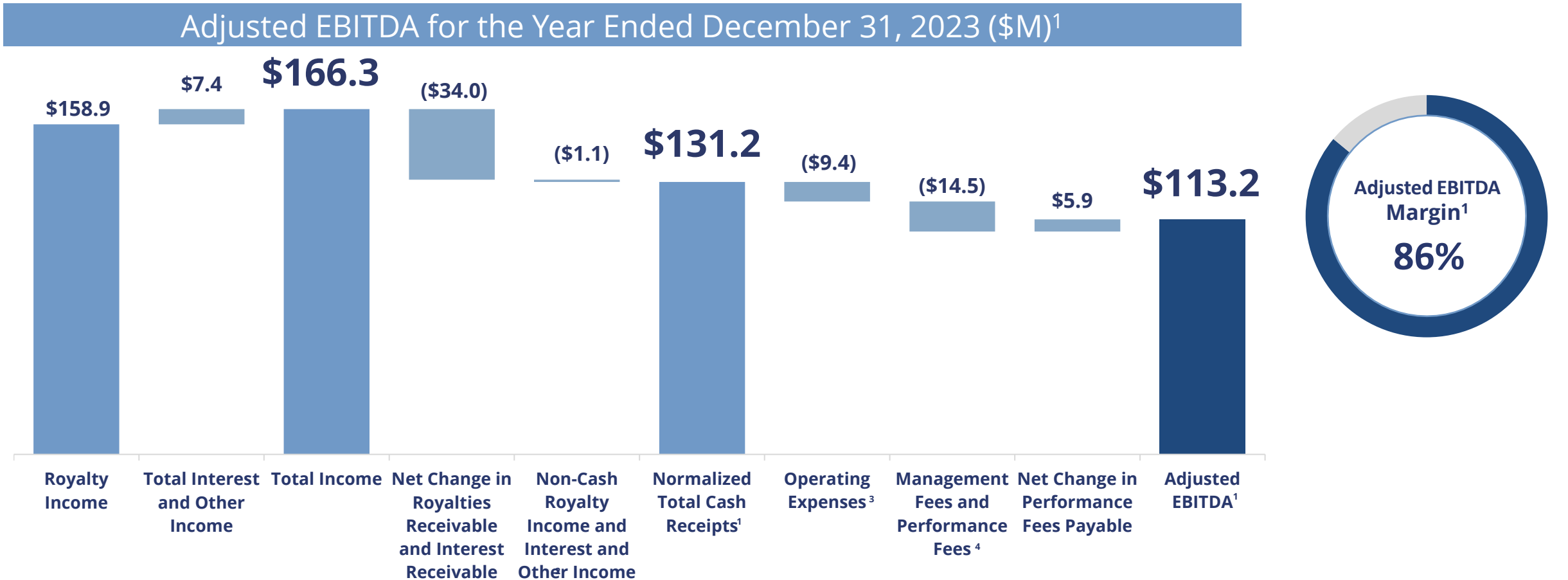


1. As at December 31, 2023.

2. Includes \$26.0 in milestone royalties receivable on Orserdu I, Orserdu II and Vonjo II.

3. Subsequent to December 31, 2023, the Trust made a mandatory repayment of \$5.2 million on its revolving acquisition credit facility and drew \$115 million from its acquisition credit facility to fund the Omidria expansion transaction, bringing the total available credit for drawing to \$219.3 million as at February 28, 2024.

# Strong cash generation



Cash available to drive portfolio growth and maintain distributions to unitholders

1. Adjusted EBITDA and Normalized Total Cash Receipts are non-GAAP financial measures. Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit are non-GAAP ratios. Adjusted EBITDA Margin is calculated as Adjusted EBITDA / Normalized Total Cash Receipts. See "Financial Review: Non-GAAP Financial Measures" in our MD&A, which includes a reconciliation of IFRS to non-GAAP measures. The MD&A is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

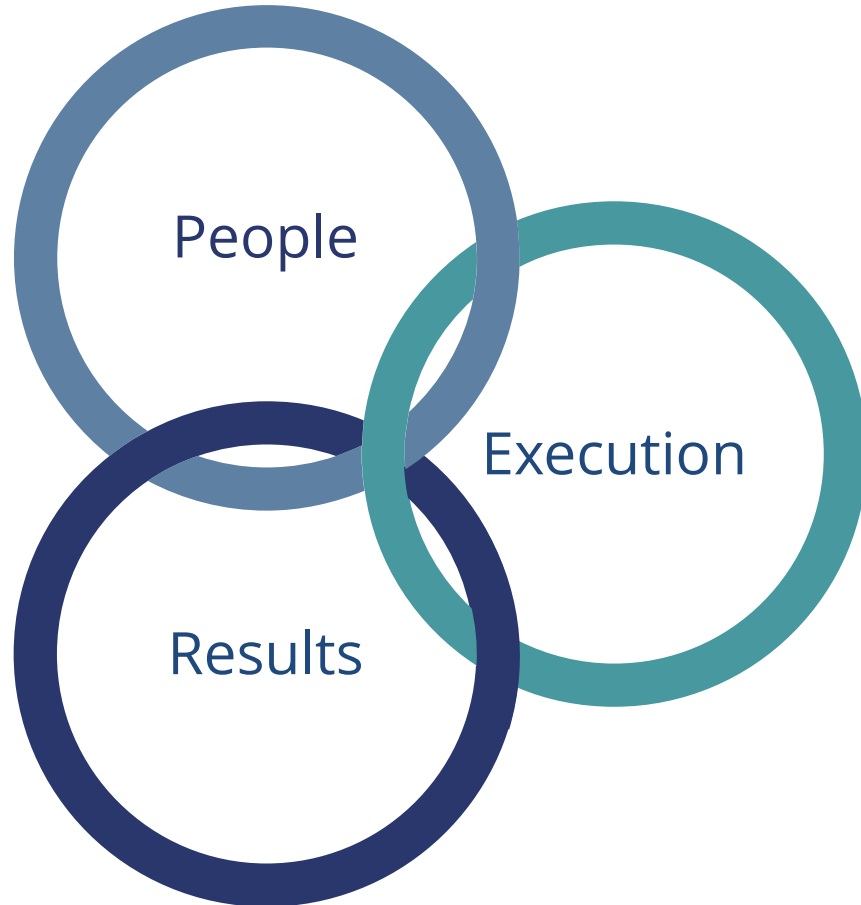
2. The Net Change in Royalties Receivable and Interest Receivable represents royalties and interest receivable at the beginning of period, less royalties and interest receivable at the end of period, plus acquired royalties receivable included in the purchase price of the assets, less other interest income and less prepayment premium income on loan receivable.

3. Operating expenses are net of \$0.8 million related to board of trustee unit-based compensation and \$0.2 million related to amortization of other current assets.

4. Management fees are net of \$13.7 million and performance fees are net of \$18.6 million non-recurring fees related to the Tziel sale.

5. Adjusted Cash Earnings per Unit is calculated as comprehensive earnings (loss), plus: (i) amortization of royalty assets, (ii) amortization of other current assets, (iii) impairment of royalty assets, (iv) unit-based compensation, (v) board of trustees unit-based compensation, (vi) net unrealized loss on derivative instruments and (vii) management and performance fees on sale of royalty assets, and less: (i) non-cash royalty income, (ii) non-cash interest and other income on loan receivable, (iii) prepayment premium income on loan receivable, and (iv) net gain on sale of royalty assets; divided by weighted average units outstanding.

# Our key priorities



**Invest in our people and build the industry leading royalty investment team**

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**Execute on strong pipeline and operate at peak performance in all aspects of our business**

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

# DRIHEALTHCARE



## Contact Us

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