# DRI HEALTHCARE TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2025

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# MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2025

## BASIS OF PRESENTATION

The following interim Management's Discussion and Analysis ("**MD&A**") is intended to help the reader understand the results of operations and financial condition of DRI Healthcare Trust (together with its consolidated subsidiaries, the "**Trust**"). This MD&A is provided as a supplement to, and should be read in conjunction with, the unaudited interim condensed consolidated financial statements of the Trust for the three months ended March 31, 2025 (the "**consolidated financial statements**"), as well as the audited annual consolidated financial statements of the Trust for the year ended December 31, 2024 (the "**2024 consolidated financial statements**"), including the accompanying notes to such financial statements. The consolidated financial statements of the Trust have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("**IASB**").

We present our financial statements in United States dollars ("**U.S. dollars**"). In this MD&A, all dollar amounts are expressed in U.S. dollars unless otherwise indicated. Accordingly, all references to "**US$**", "**$**" or "**dollars**" are to U.S. dollars, and all references to "**C$**" are to Canadian dollars. Certain totals, subtotals and percentages throughout this MD&A may not reconcile due to rounding. Dollar amounts in the tables and elsewhere in this MD&A are presented in thousands of U.S. dollars except per unit data or unless otherwise noted.

The board of trustees of DRI Healthcare Trust has approved this disclosure.

This MD&A is dated as of May 12, 2025.

## ADDITIONAL INFORMATION

Additional information relating to the Trust, including the Trust's annual and interim quarterly consolidated financial statements and management's discussion and analyses, annual information form and management information circular, are available on SEDAR+ at www.sedarplus.ca. Solely for convenience, the products underlying our royalty assets may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that the owners of such trademarks will not assert their rights to such trademarks.

## FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information within the meaning of applicable securities laws in Canada. Forward-looking information may relate to our future financial outlook and anticipated events or results, and may include information regarding our financial position, business operations, business strategy, growth strategies, budgets, operations, financial results, taxes, distribution policy, plans and objectives.

In certain cases, forward-looking information includes statements that are predictive in nature, depend upon or refer to future events or conditions, and/or 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, and/or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, although not all forward-looking information contains these terms and phrases. Any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking information involves known and unknown risks and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. For instance, 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. These risks and uncertainties also include, but are not limited to, those described in greater detail under "Risk Factors" in the Trust's most recent annual information form, available under our profile on SEDAR+ at www.sedarplus.ca.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date stated. The forward-looking information contained in this MD&A represents our expectations as of the date of this MD&A, or as of the date they are otherwise stated, and are subject to change after such date. However, we disclaim any intention, obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

# REFERENCES AND DEFINED TERMS

All references in this MD&A to the "**Trust**", "**we**", "**us**" and "**our**" are to DRI Healthcare Trust, together with its consolidated subsidiaries.

In this MD&A, the terms "**royalties**", "**royalty assets**", "**royalty entitlements**", "**royalty agreements**" and "**royalty streams**" are used interchangeably to refer to either: (i) contractual arrangements that grant the buyer the right to receive royalties derived from the sale of pharmaceutical, biotechnology and other life science products pursuant to license agreements or other contractual arrangements (we refer to these as "**traditional**" royalty streams); or (ii) contractual arrangements that grant the buyer the right to receive a percentage of the top-line sales of pharmaceutical, biotechnology and other life science products directly from the marketer of the product (we refer to these as "**synthetic**" royalty streams). When we refer to having "**bought royalties**" on the sales of a particular product, or where we use similar expressions, we are generally referring to us having entered into the contractual arrangement that creates the traditional royalty or synthetic royalty stream in our favor. Unless the context otherwise requires, when we refer to terms such as "**our royalties**", "**our portfolio**", "**our royalty portfolio**", "**our interests in products**" and similar terms, we are referring to our contractual interests in royalties and royalty streams that are held by our subsidiaries. When we refer to "**products**" and "**therapeutics**", we are referring to the pharmaceutical, biotechnology or other life science products relating to our royalties. When we refer to the "**pharmaceutical industry**", we are referring generally to the pharmaceutical, biotechnology and other life science products industry.

# USE OF NON-GAAP MEASURES

This MD&A contains a number of financial performance measures and ratios that have been calculated using methodologies which are not in accordance with IFRS Accounting Standards ("**non-GAAP measures**"). These non-GAAP measures do not have a standardized meaning as prescribed by IFRS Accounting Standards and therefore are unlikely to be comparable to similar measures presented by other companies. We believe that providing these non-GAAP measures, in addition to our results under IFRS Accounting Standards, gives investors additional information for understanding the critical components of our financial performance. Accordingly, these non-GAAP measures should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS Accounting Standards. These non-GAAP measures are used to provide investors with a supplemental measure of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS Accounting Standards measures. We also believe that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. We rely on these measures in the day-to-day management of our business, assessment of investment opportunities and assessment of our liquidity and borrowing needs.

Our uses, definition and calculation methodology, and the reconciliations of these non-GAAP measures to the most directly comparable measures calculated and presented in accordance with IFRS Accounting Standards, if available, for each of the measures, are presented under "Financial Review: Non-GAAP Financial Measures" on page 14 of this MD&A. The Trust has presented the following non-GAAP measures in this MD&A:

- Total Cash Receipts;
- Normalized Total Cash Receipts;
- Total Cash Royalty Receipts;
- Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("**Adjusted EBITDA**");
- Adjusted EBITDA Margin; and
- Adjusted Cash Earnings per Unit.

# OVERVIEW OF THE TRUST

DRI Healthcare Trust was established as an unincorporated open-ended trust under the laws of the Province of Ontario pursuant to a declaration of trust on October 21, 2020, as amended and restated on February 19, 2021. DRI Healthcare Trust is a "mutual fund trust" as defined in the *Income Tax Act* (Canada), but not a "mutual fund" within the meaning of applicable Canadian securities legislation. DRI Healthcare Trust's head and registered office is located at First Canadian Place, Suite 7250, 100 King Street West, Toronto, Ontario, M5X 1B1.

All references in this MD&A to "**DRI Healthcare**", "**our manager**" or the "**manager**" are to DRI Capital Inc. DRI Healthcare provides management and other services to us, pursuant to the terms of a management agreement.

DRI Healthcare Trust's Units (each a "**Unit**", and collectively "**Units**") are listed on the Toronto Stock Exchange ("**TSX**") in Canadian dollars under the symbol "**DHT.UN**" and in U.S. dollars under the symbol "**DHT.U**".

# EXPLANATORY NOTE REGARDING THE RESTATEMENT OF PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS

In the second quarter of 2024, the Audit Committee of the board of trustees of the Trust, assisted by independent legal counsel and forensic accountants, commenced 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. As a consequence of the investigation, it was determined that the Trust should not have been charged certain consulting and other expenses. These charges were made during periods from and including fiscal 2021 through June 30, 2024 and totaled $6.5 million.

As a result, on August 6, 2024, the Trust restated its financial statements as at December 31, 2023 and the year then ended.

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.

On July 9, 2024 and August 6, 2024, DRI Healthcare, the manager of the Trust, reimbursed the Trust a total amount of $6.5 million, of which $6.2 million was recorded in other equity and $0.3 million reduced a related-party receivable from DRI Healthcare.

# BUSINESS AND STRATEGY OVERVIEW

## Business Overview

We excel at sourcing, evaluating and completing transactions to purchase royalties paid on the sales of leading therapeutics. We do this by leveraging our manager's track record of disciplined capital deployment, the skills and competencies of our highly skilled team, and our proprietary sourcing and diligence systems. We accelerate therapeutic innovation by providing capital to leading inventors working at top universities and research institutions, academic institutions, biotechnology companies and large pharmaceutical companies. We provide our holders of Units ("**Unitholders**") with exposure to a broadly diversified portfolio of therapeutics that we expect will grow significantly in the medium and long term. We target royalties on products with the following characteristics:

- Medically necessary products that effectively treat chronic and critical illnesses;
- Products that benefit from strong intellectual property and/or regulatory protection; and
- Products that are marketed by leading biopharmaceutical companies.

As at March 31, 2025, our portfolio consisted of 28 royalty streams on 21 products that treat conditions in a number of therapeutic areas, including oncology, neurology, ophthalmology, endocrinology, hematology, dermatology, lysosomal storage disorders ("**LSD**") and immunology. Many of the royalty streams in our portfolio provide us with entitlements on products that we believe represent focus areas and important revenue sources for their respective marketers. The approved products underlying our royalty entitlements are marketed by leading global pharmaceutical and biotechnology companies, including Apellis Pharmaceuticals Inc. ("**Apellis**"), Biogen Inc. ("**Biogen**"), GSK plc ("**GSK**"), Galderma S.A. ("**Galderma**"), Johnson & Johnson Services, Inc ("**Johnson & Johnson**"), Menarini Group ("**Menarini**"), Novartis AG ("**Novartis**"), Rayner Surgical Inc. ("**Rayner Surgical**"), Regeneron Pharmaceuticals Inc. ("**Regeneron**"), Hoffman-La Roche AG ("**Roche**"), Sanofi S.A. ("**Sanofi**"), Swedish Orphan Biovitrum AB ("**Sobi**"), and Vertex Pharmaceuticals Inc ("**Vertex**").

## Unique Growth Strategy

We are focused on providing our Unitholders with top-line exposure to a portfolio of attractive therapeutics by purchasing royalties on growing products that meet our investment criteria. We target an underserved niche that leverages the competitive advantages that DRI Healthcare has developed, including the specialized expertise of its team members and its access to data and information through its proprietary tools and know-how.

We believe our manager has a number of advantages that are hard to replicate. One of these advantages is our manager's proprietary database that is used to source transactions. This database tracks over 7,500 royalties on over 2,500 drugs worldwide. Another advantage is the deep relationships our manager has developed in our industry. Our target is to complete over $1.25 billion in transactions from the time of our initial public offering in February 2021 to the end of 2025, which we believe will allow us to generate sustainable annual growth in cash receipts. We expect to fund our royalty transactions predominantly using our cash on hand, and through the prudent use of leverage. Since our initial public offering through to March 31, 2025, we have deployed $1,066 million in 15 royalty transactions relating to 13 products and made additional investments by way of loans and private investment in public equity. In connection with these transactions, there is the potential for further deployment of up to $207 million pursuant to milestone obligations.

## Our Assets

The Trust's assets currently comprise royalties on products that address a variety of therapeutic areas, such as oncology, neurology, ophthalmology, endocrinology, hematology, dermatology, LSD and immunology. These products are marketed by leading global pharmaceutical and biotechnology companies, including Apellis, Biogen, GSK, Galderma, Johnson & Johnson, Menarini, Novartis, Rayner Surgical, Regeneron, Roche, Sanofi, Sobi and Vertex. In addition, the Trust holds a royalty that it acquired from the Casgevy transaction and an equity investment in KalVista Pharmaceuticals, Inc. ("**KalVista**") that the Trust acquired in connection with the Sebetralstat transaction. The Casgevy royalty is classified as a financial royalty asset for accounting purposes. Our other royalties are classified as intangible royalty assets for accounting purposes.

We receive royalty payments based on the sales of pharmaceutical products in particular geographies. In general, when sales of these products increase, the payments we receive through our royalties also increase. The sales of products in turn can be affected by a number of factors, including regulatory approvals in new markets, the competitive landscape for the product and the approval of a product for new uses. We may also receive milestone royalty income based on the achievement of regulatory and/or sales performance thresholds in accordance with the terms of the underlying royalty agreements. Milestone royalty income is recognized in royalty income once the milestone event is achieved.

The table below provides an overview of our royalty assets as at March 31, 2025, and outlines expected royalty expirations based on our estimates of patent expiry dates in key geographies and the contractual agreements of each royalty stream. These estimates may be impacted by regulatory, commercial or other product developments. Variance from the anticipated performance of royalty-bearing sales may also affect these estimates as a result of caps or other structuring elements. See "Risk Factors" in our most recent annual information form.

(in thousands of U.S. dollars, unless otherwise noted)

| Royalty Asset | Therapeutic Area | Primary Marketer(s) | FDA Approval Date | Expected Royalty Expiry[(i), (ii)] |
|---|---|---|---|---|
| Casgevy[(iii)] | Hematology | Vertex Pharmaceuticals | December 2023 | Q1 2034 |
| Empaveli/Syfovre[(iv),(v)] | Hematology/Ophthalmology | Apellis, Sobi | May 2021 | Q4 2033 |
| Eylea I | Ophthalmology | Regeneron, Bayer, Santen | November 2011 | Q1 2027 |
| Eylea II | Ophthalmology | Regeneron, Bayer, Santen | November 2011 | Q1 2027 |
| Natpara | Endocrinology | Takeda | January 2015 | Q3 2025 |
| Omidria | Ophthalmology | Rayner Surgical | May 2014 | Q4 2031 |
| Oracea | Dermatology | Galderma | May 2006 | Q1 2028 |
| Orserdu I | Oncology | Menarini | January 2023 | Q1 2035 |
| Orserdu II | Oncology | Menarini | January 2023 | Q1 2035 |
| Rydapt | Oncology | Novartis | April 2017 | Q3 2028 |
| Sebetralstat | Immunology | KalVista | Pending[(vi)] | Q1 2042 |
| Spinraza | Neurology | Biogen | December 2016 | Q3 2031 |
| Vonjo I | Hematology | Sobi | February 2022 | Q2 2034 |
| Vonjo II | Hematology | Sobi | February 2022 | Q2 2034 |
| Xenpozyme[(vii)] | Lysosomal Storage Disorder | Sanofi | August 2022 | Q4 2036 |
| Xolair | Immunology | Roche, Novartis | June 2003 | Q2 2032 |
| Zejula | Oncology | GSK | April 2022 | Q2 2033 |
| Zytiga | Oncology | Johnson & Johnson | September 2011[(viii)] | Q2 2028 |

(i) Represents the quarter during which the final royalty payment is expected and is based on our manager's estimates of patent expiry dates in key geographies, loss of exclusivity and the contractual agreements of each royalty stream. These estimates may be impacted by regulatory, commercial or other product developments. Variance from the anticipated performance of royalty-bearing sales may also affect these estimates as a result of caps or other structuring.
(ii) 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.
(iii) Casgevy is classified as a financial royalty asset due the nature of the contractual cash flows from the transaction, as described on page 9 of this MD&A.
(iv) On February 17, 2023, the FDA approved Syfovre (pegcetacoplan) as a treatment for geographic atrophy. The Trust's royalty entitlement on Syfovre is consistent with that of Empaveli.
(v) Empaveli/Syfovre includes two royalty streams on each product as a result of the additional Empaveli and Syfovre streams acquired in Q2 2023.
(vi) The FDA has set a Prescription Drug User Fee Act ("**PDUFA**") date of June 17, 2025 for sebetralstat.
(vii) Xenpozyme includes two royalty streams as a result of the additional Xenpozyme stream acquired in Q2 2024.
(viii) Represents the European Commission approval date.

## Key Developments Related to our Assets

### Oracea

A subsidiary of Galderma, the marketer of Oracea, and TCD Royalty Sub LP, a subsidiary of the Trust (together, the "**Plaintiffs**"), had been engaged in patent infringement litigation with Lupin Inc. and Lupin Limited (together, "**Lupin**") in the U.S. District Court for the District of Delaware (the "**District Court**") since December 2021. Lupin had filed an abbreviated new drug application ("**ANDA**") with the U.S. Food and Drug Administration ("**FDA**") to manufacture a generic version of Oracea prior to the expiration of key patents to which Galderma is the exclusive license holder.

On April 1, 2024, the District Court issued a decision of non-infringement in favor of Lupin. Consequently, the Plaintiffs filed an appeal of the District Court's decision with the United States Court of Appeals for the Federal Circuit ("**CAFC**"). On April 9, 2024, Lupin launched its generic version of Oracea "at-risk" in the United States, prior to the appeal decision. On April 16, 2024, Galderma filed a motion for preliminary injunction to require Lupin to cease marketing its generic product while the appeal is pending and subsequently filed a motion to expedite the appeal. On May 9, 2024, the CAFC denied Galderma's motion for injunction pending appeal and granted the motion to expedite. In addition, since the time of Lupin's "at-risk" launch, and under the terms of their settlement agreements with the Plaintiffs, certain companies have received final ANDA approval for their generic versions of Oracea, and at least one of these companies has launched its product "at-risk". On September 5, 2024, the Federal Circuit heard oral arguments in the Lupin appeal. On December 6, 2024 the Federal Circuit affirmed for non-infringement of Lupin's generic product, allowing Lupin and other generics to stay on the market and additional generics to enter the market.

These events represented indicators of potential impairment of the Trust's Oracea royalty asset. As such, we were required to determine the recoverable amount of Oracea to assess if the asset is impaired. The recoverable amount as of December 31, 2024 was calculated using a discounted cash flow model based on revised cash flows adjusted for the impact of the launch of generic competition by Lupin and of other generics. Based on our analysis, the net book value of Oracea was higher than the recoverable amount and the Trust recorded impairment of $15.8 million during the year ended December 31, 2024. As a result of recognizing the impairment, the net book value of the Oracea royalty asset as at December 31, 2024 was $4.5 million, which represented the recoverable amount.

### Orserdu

On December 26, 2024, as part of the Orserdu II transaction, the Trust received notice that certain pre-specified events outlined in the purchase agreement had occurred, and the milestone payment conditions had been met. Consequently, the Trust recognized an increase in the cost base of the Orserdu II royalty asset and a related other current liability of $10 million, which was funded on January 24, 2025.

As a result of pre-specified events being met, certain royalty deductions have been exempted, leading to the recognition of an additional $18.2 million in royalty revenue for the year ended December 31, 2024. This includes $15.7 million related to the reclaiming of previous royalties and milestones earned since acquisition. The additional royalty revenue reclaimed is composed of (i) $5.5 million in milestones and $9.6 million in royalties for Orserdu II; and (ii) $0.6 million in milestones for Orserdu I. The exemption from certain deductions will apply at a similar rate to future royalties and milestones received.

## Other Key Events

### *Internalization*

On May 12, 2025, the Trust and the manager entered into a definitive management agreement termination agreement and a definitive asset purchase agreement, pursuant to which (i) the management agreement with the manager will be terminated and the manager will indemnify the Trust and its affiliates in respect of, among other things; damages relating to the events described on page 2 of this MD&A under the heading "Explanatory Note Regarding the Restatement of Previously Issued Consolidated Financial Statements" and the claim described on page 24 of this MD&A under the heading "Contingent Liability" and (ii) the Trust will acquire all of the assets of the manager pertaining to the business of the Trust. The Trust will pay a total of $49 million in cash to extinguish the management agreement, along with all management and performance fee obligations (with expenses payable in connection with the pre-closing period payable by the Trust), and to acquire all relevant assets from DRI Capital Inc. As a result of the transactions contemplated by the asset purchase agreement, the employees of DRI Capital Inc. will also transition to a Trust subsidiary.

### *Normal Course Issuer Bid ("**NCIB**")*

On November 13, 2023, we were granted approval by the TSX to acquire, from time to time, if considered advisable, up to 3,280,195 Units of the Trust for cancellation between November 20, 2023 and November 19, 2024 ("**November 2023 NCIB**"). In connection with the November 2023 NCIB, we established an automated unit purchase plan ("**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.

During the year ended December 31, 2024, we acquired and cancelled 406,346 Units at an average price of $9.64, totaling $3.9 million.

As at March 31, 2025, in aggregate, we acquired and cancelled 3,163,509 Units at an average price per Unit of $5.82, totaling $18.4 million, under all current and previous normal course issuer bid plans ("**NCIB Plans**"). Our NCIB Plans are discussed further on page 22 of this MD&A.

Subsequent to March 31, 2025, we were granted approval by the TSX to acquire, from time to time, if considered advisable, up to 3,148,536 Units of the Trust for cancellation between May 20, 2025 and May 19, 2026 ("**May 2025 NCIB**"). In connection with the May 2025 NCIB, we will establish 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.

### *Credit Facility*

On November 1, 2024, we increased the total credit available under our credit facility to $631.6 million, composed of (i) a $525 million acquisition credit facility; (ii) an $81.6 million term credit facility; and (iii) a $25 million working capital credit facility. The Trust also extended the maturity date of the amended credit agreement from October 31, 2026 to November 1, 2027, which may be extended by one-year increments subject to obtaining approval from the lenders. As part of the amendment the interest rate for drawings on the credit facility was also revised to the Secured Overnight Financing Rate ("**SOFR**") plus a margin which may vary from 1.75% to 2.50% based on the Trust's leverage ratio. All other material terms of the amended credit agreement remain unchanged.

Subsequent to March 31, 2025, we received lender consent for internalization of the manager function. The Trust also further revised its amended credit agreement to reallocate $25 million of the acquisition credit facility to the working capital credit facility, increasing it to $50 million The credit available for investment remains unchanged as the working capital credit facility can be used for investment purposes. Furthermore, the interest rate on the amended credit agreement was revised to SOFR plus (i) a margin which may vary from 1.75% to 2.50% based on the Trust's leverage ratio; and (ii) a margin of 0.10%. All other material terms of the amended credit agreement remain unchanged. Our credit facility is discussed in further detail on page 19 of this MD&A.

### *Distributions*

During the three months ended March 31, 2025, the board of trustees of the Trust declared a quarterly cash distribution of $0.10 per Unit totaling $5.6 million, to Unitholders of record as at March 31, 2025, which was paid on April 17, 2025. Additionally, on January 20, 2025, we paid $4.8 million of cash distributions declared in 2024.

We pay quarterly distributions in accordance with our distribution policy. Distributions are discussed in further detail in note 8 to the consolidated financial statements.

## Transactions Completed in 2025

### *Orserdu II Milestone Payment*

On January 24, 2025, we paid $10 million to fund the Orserdu II milestone obligation, as a result of certain pre-specified events outlined in the purchase agreement having been met.

## Transactions Completed in 2024

*Omidria Royalty Amendment*

On February 1, 2024, we expanded our interest in royalties on the United States net sales of Omidria by amending our existing Omidria royalty agreement entered into in 2022. For a purchase price of $115 million, the amendment now entitles us to receive a 30% royalty on United States net sales of Omidria until December 31, 2031, and all previously agreed-upon annual royalty caps have been eliminated. As part of the amendment, we are no longer entitled to ex-U.S. royalties. In accordance with the terms of the amended royalty agreement, the royalty seller may be entitled to receive up to $55 million in potential sales-based milestone payments.

We recognized acquired royalties receivable of $3.6 million related to our royalty entitlement accrued from November 1, 2023 to February 1, 2024, the date of the amendment. Transaction costs of $0.8 million were capitalized as part of the royalty asset amendment.

Omidria was approved by the FDA in May 2014 and the European Medicines Agency ("**EMA**") in July 2015 for intracameral use during cataract surgery or intraocular lens replacement to maintain pupil dilation and reduce postoperative pain. Omidria is marketed worldwide by Rayner Surgical.

*Additional Xenpozyme Royalty Stream*

On June 28, 2024, we bought an additional royalty stream on Xenpozyme for $13.3 million. This royalty is in addition to our existing Xenpozyme royalty purchased in 2022. The transaction entitles us to an additional royalty of approximately 1.0% on worldwide net sales of Xenpozyme. We are entitled to receive semi-annual royalty payments in respect of the net sales of Xenpozyme commencing on July 1, 2024 on a two-quarter lag from the respective half-year period. Transaction costs of $0.3 million were capitalized as part of the royalty transaction.

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

Xenpozyme 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. Xenpozyme was approved in Japan in March 2022, by the European Commission in June 2022 and by the FDA in August 2022. Xenpozyme is marketed worldwide by Sanofi.

*Casgevy Transaction*

On October 3, 2024, we acquired a share of payment rights on a Cas9 gene-editing technology for Casgevy for a purchase price of $57 million. The transaction entitles us to a share of the annual license fees, which range from $5 million to $40 million, and include certain sales-based annual license fee increases. We are also entitled to receive a mid-double-digit percentage of a $50 million contingent payment eligible under the license agreement. The first payment was received in January 2025 and the term of the payment streams is expected to run until 2034. Transaction costs of $1.9 million were incurred and expensed as deal investigation and research costs in relation to the transaction during 2024.

Casgevy is the first treatment approved by the FDA to utilize CRISPR (clustered regularly interspaced short palindromic repeats) technology, a technology used to selectively modify the DNA of living organisms. Casgevy was approved by the FDA in December 2023 for the treatment of sickle cell disease ("**SCD**") and in January 2024 for the treatment of transfusion-dependent beta thalassemia ("**TDT**"), and by the EMA for the treatment of both SCD and TDT in February 2024. Casgevy is the only approved gene-edited cell therapy for SCD and TDT. Casgevy is marketed worldwide by Vertex Pharmaceuticals Inc.

*Sebetralstat Transaction*

On November 4, 2024, we acquired a royalty interest in the worldwide net sales of all formulations of the not-yet-approved sebetralstat from KalVista for an aggregate purchase price of up to $179 million, composed of a $100 million upfront payment, up to $57 million in a sales-based milestone payment and a one-time $22 million optional payment. The transaction entitles us to a tiered royalty of 5.0% on net sales up to and including $500 million, 1.1% on net sales above $500 million and up to and including $750 million, and 0.25% on net sales above $750 million. Royalty payments are expected to be received quarterly commencing in the first quarter after FDA approval. Transaction costs of $1.8 million were capitalized as part of the royalty transaction.

If approved, sebetralstat would be the first and only oral on-demand therapy for treating attacks associated with hereditary angioedema ("**HAE**"). HAE is a rare genetic disorder characterized by recurring episodes of severe swelling in various parts of the body, including the face, extremities, gastrointestinal tract and airways. The FDA has accepted KalVista's New Drug Application submission for sebetralstat and the agency set a PDUFA date of June 17, 2025.

In addition to the royalty entitlement, we also purchased in a private transaction 0.5 million shares of KalVista common stock at a price of $10 per share for a total cost of $5 million.

(in thousands of U.S. dollars, unless otherwise noted)

### *Summary of Transactions Completed in 2024*

The following is a summary of the transactions completed during the year ended December 31, 2024:

| | Omidria Royalty Amendment | Additional Xenpozyme Transaction | Casgevy Transaction | Sebetralstat Transaction | Total for the year ended December 31, 2024 |
|---|---|---|---|---|---|
| Assets | | | | | |
| Financial royalty asset | $ — | $ — | $ 57,000 | $ — | $ 57,000 |
| Royalties receivable | 3,560 | — | — | — | 3,560 |
| Intangible royalty asset | 111,440 | 13,250 | — | 100,000 | 224,690 |
| Investment in marketable securities | — | — | — | 5,000 | 5,000 |
| Net acquired assets | $ 115,000 | $ 13,250 | $ 57,000 | $ 105,000 | $ 290,250 |

(in thousands of U.S. dollars, unless otherwise noted)

# FINANCIAL REVIEW: RESULTS OF OPERATIONS

During the three months ended March 31, 2025, the Trust generated total income of $44,028 (2024 – $42,067) and incurred total expenses of $45,780 (2024 – $47,796). The Trust did not incur an other loss during the three months ended March 31, 2025 (2024 – $811).

During the three months ended March 31, 2025, the Trust also recorded a net unrealized fair value loss in other comprehensive earnings (loss) of $80 related to its derivative instruments (2024 – net unrealized fair value gain of $1,197), resulting in total comprehensive loss of $1,832 (2024 – $5,343).

The following table presents the components of net earnings (loss) and comprehensive earnings (loss) and is followed by a discussion on the nature of significant sources of income and categories of expenses.

| | Three months ended | |
|---|---|---|
| | March 31, 2025 | March 31, 2024 |
| **Income** | | |
| Royalty income | $ 39,634 | $ 41,345 |
| Change in fair value of financial royalty assets | 2,561 | — |
| Unrealized gain on marketable securities | 1,535 | — |
| Other interest income | 298 | 722 |
| **Total income** | **44,028** | **42,067** |
| **Expenses** | | |
| Amortization of intangible royalty assets | 24,745 | 25,046 |
| Impairment of intangible royalty assets | — | 4,380 |
| Management fees | 4,076 | 4,164 |
| Performance fees | 533 | 231 |
| Interest expense | 9,607 | 8,398 |
| Deal investigation and research expenses | 1,057 | 1,591 |
| Unit-based compensation | 460 | 2,567 |
| Other operating expenses | 5,302 | 1,419 |
| **Total expenses** | **45,780** | **47,796** |
| Other loss | — | **(811)** |
| **Net earnings (loss)** | **(1,752)** | **(6,540)** |
| **Other comprehensive earnings (loss)** | | |
| Net unrealized gain (loss) on derivative instruments | (80) | **1,197** |
| **Comprehensive earnings (loss)** | **$ (1,832)** | **$ (5,343)** |

### Royalty income

Royalty income is comprised of income from our intangible royalty assets, which represents the contractual right to receive, directly or indirectly, a royalty payment, milestone royalty payment, license fee or any other form of compensation or benefit arising from or contingent upon the use of any patent, trade secret or any other form of intellectual property or other right relating to pharmaceutical drugs, devices and/or delivery technologies. The Trust typically does not own the licensed intellectual property; rather, it earns income based on rights to a royalty stream generally tied to the related underlying patent, calculated as a percentage of sales revenue generated by a third party at the time the sales occur. Royalty income is recorded on an accrual basis when earned in accordance with our contractual rights. Management is required to make estimates of royalty income earned for which a report or actual cash royalty receipts have not been received from our counterparty. Actual royalty receipts are reported and paid by our counterparties typically one or more quarters after they are earned. Actual milestone royalty receipts are received after the milestone condition has been met and they are paid in accordance with the terms of the agreement with the counterparty.

(in thousands of U.S. dollars, unless otherwise noted)

The following table presents the Trust's royalty income by intangible royalty asset for the three months ended March 31, 2025 and 2024:

| | Three months ended March 31, 2025 | Three months ended March 31, 2024 | % Change |
|---|---|---|---|
| **Intangible Royalty Assets** | | | |
| Empaveli/Syfovre[(i)] | $ 2,755 | $ 2,238 | 23 % |
| Eylea I | 1,195 | 1,295 | (8)% |
| Eylea II | 259 | 280 | (8)% |
| Natpara | 395 | 423 | (7)% |
| Omidria | 6,682 | 8,647 | (23)% |
| Oracea | 1,277 | 2,361 | (46)% |
| Orserdu I | 5,724 | 5,096 | 12 % |
| Orserdu II | 5,724 | 3,678 | 56 % |
| Rydapt | 1,279 | 1,610 | (21)% |
| Spinraza | 3,620 | 3,446 | 5 % |
| Vonjo I | 4,106 | 4,156 | (1)% |
| Vonjo II | 855 | 866 | (1)% |
| Xenpozyme[(ii)] | 1,188 | 273 | 335 % |
| Xolair | 2,856 | 3,094 | (8)% |
| Zejula | 1,115 | 1,051 | 6 % |
| Zytiga | 295 | 2,401 | (88)% |
| Other Products[(iii)] | 309 | 430 | (28)% |
| **Total Royalty Income** | **$ 39,634** | **$ 41,345** | **(4)%** |

(i) Empaveli/Syfovre includes two royalty streams on each product held directly.
(ii) Xenpozyme includes two royalty streams as a result of the additional Xenpozyme stream acquired in Q2 2024, as described on page 6 of this MD&A.
(iii) Other Products includes intangible royalty assets which are not individually material, as well as intangible royalty assets which are fully amortized or, where applicable, the entitlements to which have substantially expired. Stelara, Simponi and Ilaris current period and comparative results have been moved to Other Products starting in Q1 2025.

The Trust records royalty income from intangible royalty assets from the date on which the Trust obtains control of those assets, which is typically the date on which the agreement creating the intangible royalty assets is entered into. Royalty income for the three months ended March 31, 2025 was $39,634 (2024 – $41,345). The decrease in royalty income is primarily due to (i) the expected decrease in royalty entitlements for Zytiga in certain non-U.S. geographies due to the entry of generic equivalents in these geographies; (ii) the decrease in sales for Omidria; (iii) the decrease in sales for Oracea due to the launch of generic products; and (iv) the decrease in royalty entitlement for Rydapt as certain sales thresholds have been met subsequent to March 31, 2024. The decrease was partially offset by (i) additional royalties on Orserdu II due to certain royalty deductions becoming exempt that were not in effect for the prior period, as described on page 4 of this MD&A; and (ii) royalties from an additional royalty stream on Xenpozyme, which was acquired subsequent to March 31, 2024.

Intangible royalty assets added to the portfolio subsequent to March 31, 2024 contributed $594 in royalty income for the three months ended March 31, 2025.

## Change in fair value of financial royalty assets

On October 3, 2024, the Trust acquired a financial royalty asset through the Casgevy transaction, as described on page 6 of this MD&A. As a result of the nature of the contractual cash flows from the transaction, which primarily consist of fixed and determinable amounts not dependent on the underlying pharmaceutical product, the Trust's entitlement to the royalty license payment streams is classified as a financial royalty asset and changes in fair value are recognized in net earnings. During the three months ended March 31, 2025 the Trust recognized $2,561 (2024 – nil) as a result of changes in the fair value of financial royalty assets.

## Unrealized loss (gain) on marketable securities

As part of the Sebetralstat transaction, as described on page 6 of this MD&A, the Trust purchased 500,000 shares of KalVista common stock in a private transaction for $10 per share for a total purchase price of $5,000. Changes in the fair value of marketable securities are recognized in net earnings (loss). The unrealized gain on these marketable securities for the three months ended March 31, 2025 is $1,535 (2024 – nil).

## Amortization of intangible royalty assets

Intangible royalty assets are amortized over the estimated useful life of the assets, as described in note 3(c) to the Trust's 2024 consolidated financial statements. The Trust amortizes its intangible royalty assets from the date on which the Trust obtains control of those assets, which is typically the date on which the agreement creating the intangible royalty assets is entered into. During the three months ended March 31, 2025, the Trust recorded amortization of intangible royalty assets of $24,745 (2024 – $25,046).

The decrease in amortization expense during the three months ended March 31, 2025 compared to the same period in 2024 was primarily due to lower amortization on Oracea, as its net book value was reduced due to impairment deductions taken against the asset during 2024, as described on page 10 of this MD&A. The decrease was partially offset by the additional amortization recorded on assets acquired subsequent to March 31, 2024, as described on page 7 of this MD&A.

(in thousands of U.S. dollars, unless otherwise noted)

### Impairment of intangible royalty assets

During the three months ended March 31, 2025, the Trust did not incur an impairment loss. During the three months ended March 31, 2024, an impairment loss of $4,380 was recognized related to the Oracea royalty asset. Due to the impairment triggers, as described on page 4 of this MD&A, the Oracea royalty asset's net recoverable amount was calculated using a cash flow forecast unadjusted for the impact of generic entrance and a discount rate of 12%. The difference between the calculated recoverable amount and the net book value was recorded as an impairment.

The impairment loss is recognized in the consolidated statements of net earnings and comprehensive earnings.

### Management fees

The Trust pays management fees on a quarterly basis to the manager, as described on page 24 of this MD&A. The Trust recorded management fees of $4,076 during the three months ended March 31, 2025 (2024 – $4,164).

The decrease in management fees for the three months ended March 31, 2025 compared to the same period in 2024 is primarily due to higher cash receipts from the Orserdu I, Orserdu II and Vonjo II milestones received in the first quarter of 2024, partially offset by cash receipt from Casgevy and the exemption of certain prior period deductions related to Orserdu II, as described on page 4, received during the three months ended March 31, 2025.

### Performance fees

The Trust pays performance fees to the manager when certain conditions are met, as described on page 24 of this MD&A. The Trust recorded performance fees of $533 during the three months ended March 31, 2025 (2024 – $231) as the conditions for performance fee payments were met primarily due to the cash receipt on Casgevy.

The performance fee recognized during the three months ended March 31, 2024 was related to a true-up to the finalized calculation for performance fees that were accrued in the fourth quarter of 2023 and finalized in the first quarter of 2024.

### Interest expense

The Trust's interest expense relates to interest paid on the Trust's credit facility and interest on the 2024 Preferred Securities. Interest expense for the three months ended March 31, 2025 and 2024 is presented below. The increase in interest expense was primarily due to (i) an increased face value and interest rate on the 2024 Preferred Securities due to the preferred security refinancing transaction, as described on page 20 of this MD&A; and (ii) a higher balance drawn on the Trust's credit facility. The Trust's long-term debt is discussed further on page 19 of this MD&A.

Additionally, a portion of the increase to interest expense on the credit facility is interest incurred on the Trust's interest rate swap. On August 31, 2023, the Trust entered into an interest rate swap agreement to fix the interest rate on a notional amount of $100,000 of the Trust's credit facility, as described on page 20 of this MD&A. The Trust uses the interest rate swap as a derivative financial instrument designated as a cash flow hedge to manage interest rate risk related to its credit facility.

During the three months ended March 31, 2025, the Trust paid a settlement of $75 on the interest rate swap (2024 – received a settlement of $180).

| | Three months ended March 31, 2025 | Three months ended March 31, 2024 |
|---|---|---|
| Interest on credit facility net borrowings | $ 5,248 | $ 4,899 |
| Standby fees | 299 | 273 |
| Amortization of deferred transaction costs | 398 | 309 |
| Interest incurred (earned) on interest rate swap | 75 | (180) |
| **Total interest expense on credit facility** | **$ 6,020** | **$ 5,301** |
| | | |
| Interest on preferred securities | $ 2,500 | $ 2,014 |
| Accretion of par value | 951 | 930 |
| Amortization of deferred transaction costs | 136 | 153 |
| **Total interest expense on preferred securities** | **$ 3,587** | **$ 3,097** |
| | | |
| **Total interest expense** | **$ 9,607** | **$ 8,398** |

### Deal investigation and research expenses

Deal investigation and research expenses include the ongoing costs associated with the Trust's research and due diligence activities and other expenses necessary for the assessment of potential asset acquisition opportunities, including consulting, legal, research data and data subscription expenses.

For the three months ended March 31, 2025, the Trust recorded deal investigation and research expenses of $1,057 (2024 – $1,591). The decrease in deal investigation and research expenses for the three months ended March 31, 2025 compared to 2024 was primarily due to lower consulting fees incurred. The decrease was partially offset by higher legal costs incurred in 2025 related to maintaining the existing portfolio.

Directly attributable costs associated with successful acquisitions of intangible royalty assets are capitalized as part of the cost of the royalty asset, in accordance with IFRS Accounting Standards as issued by the IASB.

(in thousands of U.S. dollars, unless otherwise noted)

## Unit-based compensation

The Trust provides unit-based compensation under its Omnibus Equity Incentive Plan, as described in note 3(p) to the Trust's 2024 consolidated financial statements.

For the three months ended March 31, 2025, the unit-based compensation expense was $460 (2024 – $2,567) and was comprised of Restricted Unit ("**RU**") grants, net of RUs vesting during the year. As at March 31, 2025, the unit-based compensation liability was $2,672 (December 31, 2024 – $2,333), composed of a current portion of $2,408 (December 31, 2024 – $2,093) and a long-term portion of $264 (December 31, 2024 – $240) related to the outstanding awards.

The following table provides the details of RU grants up to March 31, 2025:

| | Restricted Units |
|---|---|
| **Balance – January 1, 2024** | **348,358 Units** |
| Restricted Units granted: | |
| Granted on January 10, 2024[ii] | 370,128 Units |
| Granted on January 10, 2024[iii] | 21,232 Units |
| Distribution equivalent Units granted[i] | 5,373 Units |
| **Balance – March 31, 2024** | **745,091 Units** |
| Restricted Units granted: | |
| Granted on May 1, 2024[iv] | 19,500 Units |
| Granted on May 31, 2024[v] | 117,245 Units |
| Granted on May 31, 2024[vi] | 233,333 Units |
| Granted on August 13, 2024[vii] | 110,752 Units |
| Distribution equivalent Units granted[i] | 13,681 Units |
| Vesting of Restricted Units | (713,297) Units |
| Forfeiture of Restricted Units | (88,934) Units |
| **Balance – December 31, 2024** | **437,371 Units** |
| Distribution equivalent Units granted[i] | **5,291 Units** |
| Vesting of Restricted Units | **(14,109) Units** |
| **Balance – March 31, 2025** | **428,553 Units** |

(i) All RUs are credited with distribution equivalents in the form of additional RUs on each distribution payment date in respect of which normal distributions are paid on the Trust's Units. Such distribution equivalents are subject to the same vesting conditions as the instruments to which they relate.
(ii) Vesting equally on June 15, 2024 and June 15, 2025.
(iii) Vested on April 1, 2024.
(iv) Vesting equally on September 10, 2024, September 10, 2025 and September 10, 2026.
(v) Vesting equally on May 31, 2024, May 31, 2025 and May 31, 2026.
(vi) Vested immediately on May 31, 2024.
(vii) Vesting equally on a quarterly basis beginning November 13, 2024 until August 13, 2026.

No Options or Performance Units ("**PUs**") were granted as at March 31, 2025 and December 31, 2024. Certain members of the board of trustees of the Trust elected to be compensated fully or partially in Deferred Units ("**DUs**"), as described in the other operating expenses section below.

## Other operating expenses

Other operating expenses include fees paid to the board of trustees of the Trust and compensation paid to officers of the Trust, as well as other ongoing operating expenses, including consulting, legal and audit fees required to operate our business, review the entity structure and improve governance processes in connection with the investigation into irregular expenses, as described on page 2 of this MD&A. During the three months ended March 31, 2025, the Trust recorded total operating expenses of $5,302 (2024 – $1,419).

A summary of the Trust's other operating expenses by nature is presented below.

| | Three months ended March 31, 2025 | Three months ended March 31, 2024 |
|---|---|---|
| Board of trustees fees | **$ 254** | $ 402 |
| Professional fees | **4,111** | 453 |
| Executive compensation | **406** | — |
| Other expenses | **531** | 564 |
| **Total other operating expenses** | **$ 5,302** | **$ 1,419** |

### *Board of trustees fees*

Certain members of the board of trustees of the Trust have elected to be compensated fully or partially in DUs under the Trust's Omnibus Equity Incentive Plan. The DUs granted pursuant to the election vest immediately and are settled in accordance with the established terms of the award agreement, but not earlier than the resignation or termination of the respective trustee from the board of trustees of the Trust. All DUs are credited with distribution equivalents in the form of additional DUs on each distribution payment date in respect of which normal distributions are paid on the Trust's Units. Such distribution equivalents are subject to the same vesting conditions as the instruments to which they relate. DUs are initially recognized at fair value and are subsequently remeasured at fair value on each reporting date, as described in note 3(p) to the Trust's 2024 consolidated financial statements.

(in thousands of U.S. dollars, unless otherwise noted) DRI HEALTHCARE TRUST

During the three months ended March 31, 2025, the Trust granted 16,328 DUs (2024 – 8,047) in lieu of cash compensation to trustees and 2,443 distribution equivalent Units (2024 – 903) in relation to the quarterly distributions. Board compensation expense for the three months ended March 31, 2025 included $104 (2024 – $354) related to the issuance of DUs and the related distribution equivalents. The fair value of the DUs vested but not settled as at March 31, 2025 was $1,584 (2024 – $1,459) and was included in other current liabilities.

The decrease in board compensation expense for the three months ended March 31, 2025 compared to the same period in 2024 was primarily due to the decrease in the Unit price of the Trust, partially offset by additional committee fees of $120 paid to the board of trustees during the three months ended March 31, 2025.

### *Professional fees*

For the three months ended March 31, 2025, the Trust recorded total professional fees of $4,111 (2024 – $453) related to professional services including audit, legal, tax, valuation and consulting. During the three months ended March 31, 2025, the Trust incurred $1,588 to improve governance functions as a result of the investigation into irregular expenses charged to the Trust, as described on page 2 of this MD&A. During the three months ended March 31, 2025, the Trust also incurred $2,199 in entity management legal expenses.

### *Executive compensation*

For the three months ended March 31, 2025, the Trust recorded total compensation expense of $406 (2024 – nil) related to compensation paid to officers of the Trust. The Trust did not retain its own independent officers until Q3 2024.

### *Other expenses*

Other expenses for the three months ended March 31, 2025 were $531 (2024 – $564) and included $263 (2024 – $250) in donations, primarily related to the pledge agreement with the Mayo Clinic, as described on page 24 of this MD&A.

## Other loss

As described on page 2 of this MD&A, for the period from and including fiscal 2021 through June 30, 2024, the Trust was charged certain alleged consulting and other expenses that should not have been charged to the Trust. The Trust has conducted an investigation and identified certain adjustments that were required to operating expenses, amortization of intangible royalty assets and the net book value of intangible royalty assets, with the impact of the corrections reflected in other loss. The Trust did not record a loss in other loss during the three months ended March 31, 2025 (2024 – $811).

## Net unrealized gain (loss) on derivative instruments

The Trust uses an interest rate swap as a derivative financial instrument designated as a cash flow hedge to manage interest rate risk related to its credit facility, as described on page 20 of this MD&A. The Trust does not hold or use any derivative financial instruments for speculative trading purposes. On August 31, 2023, the Trust entered into an interest rate swap agreement to fix the interest rate on a notional amount of $100,000 of the credit facility. The details of the interest rate swap are as follows:

| Derivative Instruments | Maturity Date | Notional Value | Fair Value as at March 31, 2025 | Fair Value as at December 31, 2024 |
|---|---|---|---|---|
| Interest rate swap | March 31, 2026 | $ 100,000 | **$ (505)** | $ (425) |

The Trust applies hedge accounting, as described in note 3(e) to the Trust’s 2024 consolidated financial statements. During the three months ended March 31, 2025, the Trust recognized a net unrealized fair value loss in other comprehensive earnings (loss) of $80 (2024 – net unrealized fair value gain of $1,197) as a result of the interest rate swap derivative instrument.

## Weighted average number of Units

For the three months ended March 31, 2025, the Trust generated basic and diluted net earnings (loss) per Unit of $(0.03) (2024 – $(0.12)). The weighted average number of Units outstanding for the purpose of calculating net earnings (loss) per Unit was as follows:

| | Three months ended March 31, 2025 | Three months ended March 31, 2024 |
|---|---|---|
| Basic | **56,307,817 Units** | 56,358,240 Units |
| Diluted | **56,307,817 Units** | 56,358,240 Units |

(in thousands of U.S. dollars, unless otherwise noted)

## Summary of quarterly results

The following table provides a summary of the Trust's quarterly results, the distributions per Unit and the weighted average number of Units outstanding for the eight most recently completed quarters:

| | 2025 | 2024 | | | | 2023 | | |
|---|---|---|---|---|---|---|---|---|
| As at | March 31 | December 31 | September 30 | June 30 | March 31 | December 31 | September 30 | June 30 |
| Total assets | $ 962,045 | $ 984,867 | $ 884,079 | $ 874,067 | $ 901,270 | $ 833,159 | $ 809,976 | $ 719,344 |
| Credit facility and preferred securities(i) | 362,065 | 374,802 | 281,605 | 275,716 | 275,051 | 189,978 | 204,287 | 236,341 |
| | | | | | | | | |
| Three months ended | March 31 | December 31 | September 30 | June 30 | March 31 | December 31 | September 30 | June 30 |
| Total income | $ 44,028 | $ 62,286 | $ 41,555 | $ 41,604 | $ 42,067 | $ 75,842 | $ 34,143 | $ 28,058 |
| Total expenses(ii) | (45,780) | (55,285) | (43,247) | (45,149) | (47,796) | (53,134) | (37,830) | (62,445) |
| Net gain on sale of royalty assets | — | — | — | — | — | — | 150 | 109,972 |
| Gain on debt refinancing(iii) | — | — | — | 2,176 | — | — | — | — |
| Other loss | — | — | — | (764) | (811) | (785) | (791) | (411) |
| Net earnings (loss) | $ (1,752) | $ 7,001 | $ (1,692) | $ (2,133) | $ (6,540) | $ 21,923 | $ (4,328) | $ 75,174 |
| | | | | | | | | |
| Net unrealized gain (loss) on derivative instruments | (80) | 871 | (1,632) | 228 | 1,197 | (1,741) | 652 | — |
| Comprehensive earnings (loss) | $ (1,832) | $ 7,872 | $ (3,324) | $ (1,905) | $ (5,343) | $ 20,182 | $ (3,676) | $ 75,174 |
| | | | | | | | | |
| **Net earnings (loss) per Unit** | | | | | | | | |
| Basic | $ (0.03) | $ 0.12 | $ (0.03) | $ (0.04) | $ (0.12) | $ 0.39 | $ (0.09) | $ 2.01 |
| Diluted | $ (0.03) | $ 0.12 | $ (0.03) | $ (0.04) | $ (0.12) | $ 0.39 | $ (0.09) | $ 2.00 |
| | | | | | | | | |
| **Distributions per Unit(iv)** | | | | | | | | |
| Cash | $ 0.1000 | $ 0.0850 | $ 0.0850 | $ 0.0850 | $ 0.0850 | $ 0.3412 | $ 0.0750 | $ 0.6084 |
| Unit(v) | n/a | $ 0.0237 | n/a | n/a | n/a | $ 0.7640 | n/a | n/a |
| | | | | | | | | |
| **Weighted average number of Units** | | | | | | | | |
| Basic | 56,307,817 | 56,282,403 | 56,293,275 | 56,426,259 | 56,358,240 | 56,332,607 | 46,115,848 | 37,487,973 |
| Diluted | 56,307,817 | 56,678,956 | 56,293,275 | 56,426,259 | 56,358,240 | 56,464,102 | 46,205,568 | 37,680,076 |

(i) Credit facility and preferred securities summary figures include only the non-current portion of the liabilities.
(ii) Total expenses for the second quarter of 2023 include management fees of $13,650 and performance fees of $18,616 related to the sale of the Tzield royalty interest. Total expenses for the fourth quarter of 2023 include performance fees of $5,918 related to the milestone royalty income earned on Orserdu I, Orserdu II and Vonjo II.
(iii) During the second quarter of 2024, the Trust refinanced its 2023 Preferred Securities and 2023 Warrants, and as a result of the refinancing an accounting gain was recorded, as described on page 20 of this MD&A.
(iv) Represents distributions declared during the period.
(v) On December 20, 2024, the board of trustees of the Trust declared a special Unit distribution of $0.0237 per Unit, totaling $1,334 to Unitholders of record as at December 31, 2024, which was issued on December 31, 2024. On December 20, 2023, the board of trustees of the Trust declared a special Unit distribution of $0.7640 per Unit, totaling $43,058 to Unitholders of record as at December 31, 2023, which was issued on December 31, 2023. Immediately following the special Unit distribution, Units of the Trust were consolidated such that, after each consolidation, each Unitholder held the same number of Units that were held by the Unitholder immediately before the special Unit distribution.

(in thousands of U.S. dollars, unless otherwise noted)

# FINANCIAL REVIEW: NON-GAAP FINANCIAL MEASURES

The Trust reports certain non-GAAP financial measures, including Total Cash Receipts, Normalized Total Cash Receipts, Total Cash Royalty Receipts and Adjusted EBITDA. The Trust also reports certain non-GAAP ratios, including Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit. These measures and ratios are not standardized financial measures under IFRS Accounting Standards as issued by the IASB and might not be comparable to similar financial measures disclosed by other issuers.

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

Total Cash Royalty Receipts refers to aggregate cash royalty receipts and milestone royalty receipts from our portfolio of royalty assets and forms part of Total Cash Receipts. Because of the lag between when we record royalty income and receive the corresponding cash payments on our royalties and milestones, 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. We also present 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 our operations. We believe that Normalized Total Cash Receipts will assist readers in evaluating the period-over-period performance of our royalty portfolio since Normalized Total Cash Receipts only includes cash receipts generated by royalties and other amounts payable pursuant to the terms of our royalty assets. There were no adjustments required to normalize cash receipts for the three months ended March 31, 2025 and 2024.

| | Cash Receipts | | |
|---|---|---|---|
| | Three months ended March 31, 2025 | Three months ended March 31, 2024 | % Change |
| **Royalty Assets** | | | |
| Casgevy | $ 5,000 | $ — | n/a |
| Empaveli/Syfovre[(i)] | 1,125 | 23 | 4791 % |
| Eylea I | 1,522 | 1,407 | 8 % |
| Eylea II | 331 | 305 | 9 % |
| Natpara | 279 | 568 | (51)% |
| Omidria | 7,994 | 8,560 | (7)% |
| Oracea | 1,534 | 2,450 | (37)% |
| Orserdu I[(ii)] | 8,510 | 8,020 | 6 % |
| Orserdu II[(ii)] | 22,920 | 23,538 | (3)% |
| Rydapt[(iii)] | 1,159 | 2,223 | (48)% |
| Spinraza | 3,962 | 3,843 | 3 % |
| Vonjo I | 3,095 | 2,902 | 7 % |
| Vonjo II[(ii)] | 775 | 5,605 | (86)% |
| Xenpozyme | — | — | n/a |
| Xolair | 2,373 | 2,446 | (3)% |
| Zejula | 949 | 962 | (1)% |
| Zytiga | — | — | n/a |
| Other Products[(iv)] | 462 | 665 | (31)% |
| **Total Cash Royalty Receipts, Cash Receipts and Normalized Cash Receipts[(v)]** | **$ 61,990** | **$ 63,517** | **(2)%** |

(i) Per the royalty agreement, Empaveli/Syfovre royalty cash receipts are to be received on a three-quarter lag. During the first quarter of 2024, a small portion of the royalty cash receipts expected to be received on a three-quarter lag were received on a two-quarter lag. The remaining royalty receipts were received on a three-quarter lag and were received in the second quarter of 2024.

(ii) Cash receipts for Orserdu II and Orserdu I for the three months ended March 31, 2025 include $17,593 and $633, respectively, for reclamation of previous royalty deductions, as described on page 4 of this MD&A. Cash receipts for the three months ended March 31, 2024 include milestone royalty receipts of $2,104 from Orserdu I, $18,939 from Orserdu II and $5,000 from Vonjo II received in Q1 2024.

(iii) Cash receipts for the three months ended March 31, 2024 include $1,000 in additional cash receipts related to a one-time payment received in Q1 2024.

(iv) Other Products includes royalty income from certain other intangible royalty assets as well as intangible royalty assets which are fully amortized and, where applicable, the entitlements to which have generally expired. Comparative figures for royalty assets Simponi, Stelara and Ilaris are included in Other products.

(v) Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts are non-GAAP financial measures.

### *Q1 Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts*

Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts during the three months ended March 31, 2025 decreased by $1,527 or 2% compared to the same period in 2024. The decrease was primarily driven by (i) the milestone royalty receipts received during the three months ended March 31, 2024 of $26,043, related to Orserdu I, Orserdu II and Vonjo; (ii) increased competition and generic entrance into the market impacting the sales of Oracea; and (iii) the expected one-time payment of $1,000 related to Rydapt in 2024. The decrease in cash royalty receipts was partially offset by (i) the Orserdu II milestone obligation that was met in Q4 2024, which resulted in the reclamation of previously incurred royalty deductions, which were received during the three months ended March 31, 2025 for $15,745; (ii) the increase in receipts for Empaveli and Syfovre as Q1 2024 receipts were primarily received on a three quarter lag; and (iii) the additional receipts earned from the Casgevy asset, not owned in the prior period.

(in thousands of U.S. dollars, unless otherwise noted)

### *Cash Receipt Reconciliation*

The reconciliation of Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts to the most directly comparable measures calculated in accordance with IFRS Accounting Standards as issued by the IASB is presented below. The Trust reconciles Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts to total income. Total income represents the sum of royalty income, change in fair value of financial royalty assets, unrealized gains on marketable securities and other interest income. Reconciling total income to Total Cash Receipts results in the subtraction of other interest income, net change in royalties receivable, net change in financial royalty assets, non-cash royalty income and non-cash interest and the addition of acquired royalties receivable.

When reconciling to Normalized Total Cash Receipts, we further subtract cash receipts not expected to recur, if any.

When reconciling to Total Cash Royalty Receipts, there is a corresponding subtraction to interest and other income on the loan receivable and an addition of non-cash interest and other income on the loan receivable and premiums for prepayment of loan receivable, since Total Cash Royalty Receipts is a measure of the Trust's cash royalty receipts from all products, excluding income from the Trust's debt instruments and cash receipts not expected to recur. For the purposes of complying with equal prominence requirements of applicable securities laws relating to non-GAAP financial measures, the Trust refers to total income when referring to Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts.

| | Three months ended March 31, 2025 | Three months ended March 31, 2024 |
|---|---|---|
| Total income | **$ 44,028** | $ 42,067 |
| [-] Other interest income | **(298)** | (722) |
| [-] Unrealized gain on marketable securities | **(1,535)** | — |
| [+] Royalties receivable, beginning of period | **62,362** | 64,082 |
| [-] Royalties receivable, end of period | **(45,006)** | (45,470) |
| [+] Financial royalty assets, beginning of period | **57,527** | — |
| [-] Financial royalty assets, end of period | **(55,088)** | — |
| [+] Acquired royalties receivable(i) | **—** | 3,560 |
| **[=] Total Cash Receipts, Royalty Cash Receipts and Normalized Cash Receipts** | **$ 61,990** | **$ 63,517** |

(i) Acquired royalties receivable represent the Trust's royalty entitlements prior to the completion of the royalty transactions.

(in thousands of U.S. dollars, unless otherwise noted)

## Adjusted EBITDA

We believe Adjusted EBITDA provides meaningful information about our operating cash flows as it eliminates the effects of other non-cash expenses and accruals and income and expenses not expected to recur that have been recorded on the statement of net earnings (loss) and comprehensive earnings (loss). We refer to EBITDA when reconciling our net earnings (loss) and comprehensive earnings (loss) to Adjusted EBITDA, but we do not use EBITDA as a measure of our performance.

The reconciliation of Adjusted EBITDA to its most directly comparable measures calculated in accordance with IFRS Accounting Standards as issued by the IASB is presented below.

| | Three months ended March 31, 2025 | Three months ended March 31, 2024 |
|---|---|---|
| Comprehensive earnings (loss) | $ (1,832) | $ (5,343) |
| [+] Amortization of intangible royalty assets | 24,745 | 25,046 |
| [+] Impairment of intangible royalty assets | — | 4,380 |
| [-] Other interest income | (298) | (722) |
| [+] Interest expense | 9,607 | 8,398 |
| **EBITDA** | **32,222** | **31,759** |
| [+] Royalties receivable, beginning of period | 62,362 | 64,082 |
| [-] Royalties receivable, end of period | (45,006) | (45,470) |
| [-] Performance fees payable, beginning of period | (1,665) | (5,918) |
| [+] Performance fees payable, end of period | 2,198 | 4,916 |
| [+] Financial royalty assets, beginning of period | 57,527 | — |
| [-] Financial royalty assets, end of period | (55,088) | — |
| [+] Unrealized loss (gain) on marketable securities | (1,535) | — |
| [+] Acquired royalties receivable[(i)] | — | 3,560 |
| [+] Unit-based compensation | 460 | 2,567 |
| [+] Board of trustees' unit-based compensation[(ii)] | 104 | 354 |
| [+] Other loss | — | 811 |
| [+] Net unrealized loss (gain) on derivative instruments | 80 | (1,197) |
| **[=] Adjusted EBITDA** | **$ 51,659** | **$ 55,464** |

(i) Acquired royalties receivable represent the Trust's royalty entitlements prior to the completion of the royalty transactions.
(ii) Certain members of the board of trustees of the Trust elected to be compensated fully or partially in DUs under the Trust's Omnibus Equity Incentive Plan, as described on page 11 of this MD&A.

Adjusted EBITDA during the three months ended March 31, 2025 was $51,659, representing a decrease of $3,805 or 7% compared to the same period in 2024. The decrease in adjusted EBITDA for the three months ended March 31, 2025 can be attributed to the larger net movement in the royalties receivable balance in the prior year compared to the three months ended March 31, 2025. This is due to the 2024 Adjusted EBITDA including additional acquired royalties receivable related to the Omidria II amendment, as described on page 6 of this MD&A, and the additional receipts due to the Orserdu I, Orserdu II and Vonjo II milestones received in Q1 2024. The decrease in Adjusted EBITDA is also attributed to the non-recurring professional fees and additional committee board fees incurred during the three months ended March 31, 2025. Without these non-recurring expenses, Adjusted EBITDA during the three months ended March 31, 2025 would have been $55,571.

## Adjusted EBITDA Margin

We believe that Adjusted EBITDA Margin is a useful supplemental measure to demonstrate the operating efficiency of our business on a cash basis.

The calculation of Adjusted EBITDA Margin is presented below.

| | Three months ended March 31, 2025 | Three months ended March 31, 2024 |
|---|---|---|
| Adjusted EBITDA | $ 51,659 | $ 55,464 |
| [÷] Normalized Total Cash Receipts | $ 61,990 | $ 63,517 |
| **[=] Adjusted EBITDA Margin** | **83%** | **87%** |

Adjusted EBITDA Margin decreased during the three months ended March 31, 2025 compared to the same period in 2024. This is primarily due to additional non-recurring expenses incurred in the current period for professional fees included in other operating expenses, as described on page 12 of this MD&A. The increase in professional fees is largely due to non-recurring costs related to the review of governance processes and the entity structure. During the three months ended March 31, 2025, Adjusted EBITDA Margin would have been 90% without these non-recurring expenses.

(in thousands of U.S. dollars, unless otherwise noted)

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

The calculation of Adjusted Cash Earnings per Unit is presented below.

| | Three months ended March 31, 2025 | Three months ended March 31, 2024 |
|---|---|---|
| Comprehensive earnings (loss) | **$ (1,832)** | $ (5,343) |
| [+] Amortization of intangible royalty assets | **24,745** | 25,046 |
| [+] Impairment of intangible royalty assets | **—** | 4,380 |
| [+] Unrealized loss (gain) on marketable securities | **(1,535)** | — |
| [+] Unit-based compensation | **460** | 2,567 |
| [+] Board of trustees' unit-based compensation(i) | **104** | 354 |
| [-] Change in fair value of financial royalty assets | **(2,561)** | — |
| [+] Cash receipts on financial royalty assets | **5,000** | — |
| [+] Other loss | **—** | 811 |
| [+] Net unrealized loss (gain) on derivative instruments | **80** | (1,197) |
| **Adjusted Cash Earnings** | **$ 24,461** | **$ 26,618** |
| [÷] Weighted average number of Units – basic | **56,307,817** | 56,358,240 |
| [=] Adjusted Cash Earnings per Unit – basic | **$ 0.43** | $ 0.47 |
| [÷] Weighted average number of Units – diluted | **56,307,817** | 56,358,240 |
| [=] Adjusted Cash Earnings per Unit – diluted | **$ 0.43** | $ 0.47 |

(i) Certain members of the board of trustees of the Trust elected to be compensated fully or partially in DUs under the Trust's Omnibus Equity Incentive Plan, as described on page 11 of this MD&A.

Adjusted Cash Earnings and Basic Adjusted Cash Earnings per Unit for the three months ended March 31, 2025 was $24,461 and $0.43, respectively, compared to $26,618 and $0.47, respectively, for the same period in 2024. The decrease of $2,157 or $0.04 per Unit is primarily due to additional cash expenses recorded in other operating expenses in the current period, partially offset by higher cash-based income.

(in thousands of U.S. dollars, unless otherwise noted)

# FINANCIAL REVIEW: FINANCIAL POSITION

As at March 31, 2025, the Trust had consolidated total assets of $962,045 (December 31, 2024 – $984,867) and consolidated total liabilities of $441,923 (December 31, 2024 – $457,336). The following table presents the components of consolidated total assets and total liabilities as at March 31, 2025 and December 31, 2024, followed by a discussion of significant categories of assets and liabilities.

| | As at March 31, 2025 | As at December 31, 2024 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 55,656 | $ 36,502 |
| Royalties receivable | 45,006 | 62,362 |
| Other current assets | 870 | 303 |
| Current assets | 101,532 | **99,167** |
| | | |
| Intangible royalty assets, net of accumulated amortization | 799,191 | 823,936 |
| Financial royalty assets | 55,088 | 57,527 |
| Investment in marketable securities | 5,770 | 4,235 |
| Other non-current assets | 464 | 2 |
| Non-current assets | 860,513 | **885,700** |
| **Total assets** | $ 962,045 | **$ 984,867** |
| | | |
| **Liabilities** | | |
| Accounts payable and accrued liabilities | $ 10,244 | $ 4,821 |
| Distributions payable to Unitholders | 5,631 | 4,786 |
| Performance fees payable | 2,198 | 1,665 |
| Current portion of credit facility | 56,888 | 56,888 |
| Current portion of unit-based compensation liability | 2,408 | 2,093 |
| Derivative instruments | 505 | — |
| Other current liabilities | 1,720 | 11,616 |
| Current liabilities | 79,594 | **81,869** |
| | | |
| Credit facility | 250,041 | 263,865 |
| Preferred securities | 112,024 | 110,937 |
| Derivative instruments – non-current | — | 425 |
| Unit-based compensation liability | 264 | 240 |
| **Total liabilities** | $ 441,923 | **$ 457,336** |

### Intangible royalty assets

As at March 31, 2025, the net book value of our intangible royalty assets was $799,191 (December 31, 2024 – $823,936), net of accumulated amortization and impairments of $322,661 (December 31, 2024 – $304,008). During the three months ended March 31, 2025, the Trust wrote off the cost and related accumulated amortization of $6,092 and $6,092, respectively, related to the fully amortized Simponi and Ilaris royalty assets as the royalty arrangements had expired during the three months ended March 31, 2025. During the year ended December 31, 2024, the Trust wrote off the cost and related accumulated amortization of $1,475 and $1,475, respectively, related to the fully amortized Stelara royalty asset as the royalty arrangement had expired. There was no change to the net book value of the intangible royalty assets as a result of these write-offs.

During the year ended December 31, 2024, the Trust recognized an impairment loss of $15,787 related to the Oracea royalty asset, as described on page 4 of this MD&A. The impairment loss is recognized in the consolidated statements of net earnings and comprehensive earnings.

### Distributions payable to Unitholders

As at March 31, 2025, the Trust had distributions payable of $5,631, representing a quarterly cash distribution declared on March 3, 2025 to Unitholders of record as at March 31, 2025, which was paid on April 17, 2025. As at December 31, 2024, the Trust had distributions payable of $4,786, representing a quarterly cash distribution declared on November 6, 2024, which was paid on January 20, 2025.

The Trust pays a quarterly distribution in accordance with its distribution policy, as described in note 8 to the consolidated financial statements.

(in thousands of U.S. dollars, unless otherwise noted)

## Credit facility and preferred securities

### *Credit facility*

Our amended and restated credit agreement, dated as of April 20, 2022, as further amended from time to time, is composed of (i) a $375,000 acquisition credit facility; (ii) a $100,000 term credit facility; and (iii) a $25,000 working capital credit facility (collectively, the "**credit facility**"). The interest rate under the amended and restated credit agreement is equal to SOFR plus (i) a margin which may vary from 2.00% to 2.75% based on our leverage ratio; and (ii) a margin of 0.10% to 0.25% based on the term of the borrowing. The range of standby fees is 0.40% to 0.55% based on our leverage ratio, and the maturity date is October 31, 2026, which may be extended by one-year increments subject to obtaining approval from the lenders.

Interest payments are due on a quarterly basis and principal repayments totaling 3.75% of a predetermined reference amount are due on a quarterly basis for the acquisition credit facility and term credit facility. Principal repayments on the working capital credit facility are due on maturity. Principal repayments do not result in a corresponding decrease in the borrowing capacity under the acquisition credit facility and working capital credit facility. As principal repayments result in a corresponding cancellation in the borrowing capacity under the term credit facility, there is no remaining available credit under the term credit facility as at March 31, 2025 (December 31, 2024 – nil).

On November 1, 2024, the Trust increased the total credit available under its credit facility to $631,625, composed of (i) a $525,000 acquisition credit facility; (ii) a $81,625 term credit facility; and (iii) a $25,000 working capital credit facility. The Trust also extended the maturity date of the amended credit agreement from October 31, 2026 to November 1, 2027, which may be extended by one-year increments subject to obtaining approval from the lenders. As part of the amendment, the interest rate for drawings on the amended credit facility was also revised to SOFR plus a margin which may vary from 1.75% to 2.50% based on the Trust's leverage ratio. The range of standby fees was also revised to 0.35% to 0.50% based on the Trust's leverage ratio. All other material terms of the amended credit agreement remain unchanged.

Subsequent to March 31, 2025, the Trust received lender consent for internalization of the manager function. The Trust also further revised its amended credit agreement to reallocate $25,000 of the acquisition credit facility to the working capital credit facility, increasing it to $50,000. The credit available for investment remains unchanged as the working capital credit facility can be used for investment purposes. Furthermore, the interest rate on the amended credit agreement was revised to SOFR plus (i) a margin which may vary from 1.75% to 2.50% based on the Trust's leverage ratio; and (ii) a margin of 0.10%. All other material terms of the amended credit agreement remain unchanged.

The carrying amount of the Trust's credit facility is presented below:

| | As at March 31, 2025 | | | As at December 31, 2024 |
|---|---|---|---|---|
| | Total Available Credit | Remaining Available Credit | Balance Outstanding | Balance Outstanding |
| Acquisition credit facility | **$ 525,000** | **$ 287,506** | **$ 237,494** | $ 247,122 |
| Term credit facility | **72,438** | **—** | **72,438** | 77,031 |
| Working capital credit facility | **25,000** | **25,000** | **—** | — |
| | **$ 622,438** | **$ 312,506** | **$ 309,932** | **$ 324,153** |
| Deferred transaction costs, net of amortization | **n/a** | **n/a** | **(3,003)** | (3,400) |
| **Total** | **$ 622,438** | **$ 312,506** | **$ 306,929** | **$ 320,753** |
| | | | | |
| Current portion of credit facility | | | **$ 56,888** | $ 56,888 |
| Long-term portion of credit facility | | | **250,041** | 263,865 |
| **Total** | | | **$ 306,929** | **$ 320,753** |

There were no drawings made on the credit facility for the three months ended March 31, 2025, as all the Trust's cash needs were funded through internally generated cash flows.

During the three months ended March 31, 2025, the Trust made total credit facility repayments of $14,222 (2024 – $23,813), which did not include any voluntary repayments (2024 – nil).

The following table presents expected principal repayments to be made until the maturity of the credit facility as at March 31, 2025:

| | Total |
|---|---|
| Remainder of: 2024 | $ 42,666 |
| Full year: 2025 | 56,888 |
| Full year: 2026 | 210,378 |
| | **$ 309,932** |

The Trust is subject to certain financial as well as customary non-financial covenants under the amended credit agreement. Certain compliance requirements have also been revised as part of the amended credit agreement. Substantially all of the assets of the Trust are pledged as collateral under the amended credit agreement. As at March 31, 2025, the Trust was in compliance with all covenant requirements under the amended credit agreement.

(in thousands of U.S. dollars, unless otherwise noted)

*Interest Rate Swap*

On August 31, 2023, the Trust entered into an interest rate swap agreement to fix the interest rate on a notional amount of $100,000 of the credit facility. The interest rate swap helps the Trust achieve a more predictable interest expense providing greater flexibility to comply with debt covenants. The swap helps manage the risk of interest rate fluctuations for a portion of the amended credit facility. Under the agreement, the Trust pays a fixed rate of 4.63% and in exchange receives SOFR, offsetting the floating component on a portion of the credit facility. The interest earned on the interest rate swap partially offsets the interest payable on the credit facility. During the three months ended March 31, 2025, the Trust paid additional interest due to the interest rate swap of $75 (2024 – $180 received as a reduction in interest expense).

*Preferred Securities*

On February 8, 2023, the Trust completed a private placement of securities (the "**2023 Private Placement**") to a group of investors, the proceeds from which were used to repay amounts owing under the Trust's amended credit agreement. The 2023 Private Placement provided gross proceeds of $95,000 to the Trust through the sale of $95,000 principal amount of Series A Preferred Securities, $19,760 principal amount of Series B Preferred Securities (collectively, the "**2023 Preferred Securities**") and the issuance of 6,369,180 warrants (the "**2023 Warrants**"). The 2023 Warrants are further described on page 22 of this MD&A. The 2023 Preferred Securities were unsecured, subordinated debt securities of the Trust. The 2023 Preferred Securities paid cash interest at a rate of 7.04% per annum on the principal amount of the 2023 Preferred Securities, payable semi-annually on June 30 and December 31 of each year.

The Series A Preferred Securities had a maturity date of February 8, 2073 and the Series B Preferred Securities had a maturity date of December 27, 2027. The Series A Preferred Securities were redeemable at par, at the option of the Trust, at any time from and after December 27, 2027. The 2023 Preferred Securities were not 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 2023 Preferred Securities were subject to a mandatory redemption.

The Trust initially recognized the 2023 Preferred Securities using a discount rate of 12.77%, which is indicative of the fair market value of the 2023 Preferred Securities at the time of issuance. The carrying amount of the 2023 Preferred Securities was being accreted to its par value up until December 27, 2027, which is the date at which the Series A Preferred Securities could be redeemed by the Trust and the stated maturity date for the Series B Preferred Securities. Deferred transaction costs of $3,171 were initially recognized and were being amortized using the effective interest rate method over the same period as the 2023 Preferred Securities accretion period.

On April 23, 2024 the Trust completed a refinancing of the 2023 Preferred Securities and the 2023 Warrants. As a result of the refinancing, holders of the 2023 Preferred Securities and 2023 Warrants received gross proceeds of $20,441 through the sale of $135,202 principal amount of new Series C Preferred Securities (the "**2024 Preferred Securities**") and 1,749,996 new warrants (the "**2024 Warrants**"), having an exercise price representing a 20% premium to the five-day volume-weighted average price of the Trust's Units. The 2023 Preferred Securities were cancelled and the 2023 Warrants were redeemed upon completion of the refinancing, with holders entitled to receive accrued and unpaid interest on the 2023 Preferred Securities up to and excluding such date.

The 2024 Preferred Securities are unsecured, subordinated debt securities of the Trust and have a principal amount of $135,202, maturing on April 23, 2074. The 2024 Preferred Securities initially pay cash interest at a rate of 7.50% per annum on the principal amount, payable semi-annually on April 30 and October 31 of each year. The 2024 Preferred Securities are not redeemable by the Trust prior to April 30, 2029, except in the event of a change in control of the Trust. The Trust determined that the modification of terms under the refinancing transaction is not substantial in nature by comparing the discounted cash flows under the 2024 Preferred Securities and the 2023 Preferred Securities using the original discount rate of 12.77%. A gain on debt refinancing of $2,176 was recorded as a result of this transaction. Additional deferred transaction costs of $501 were recognized related to the preferred securities refinancing and will be amortized using the effective interest rate method up to April 30, 2029, the date at which the 2024 Preferred Securities could be redeemed by the Trust.

The interest rate on the 2024 Preferred Securities will increase to 10% per annum if any of the 2024 Preferred Securities are outstanding on April 30, 2029, and will be subject to an annual increase of 1.5% per annum if any of the 2024 Preferred Securities remain outstanding on each one year anniversary of such date, up to a specified cap.

The 2024 Preferred Securities assist the Trust in optimizing its capital structure and lowering our cost of capital. The redemption of the in-the-money 2023 Warrants also addressed potential dilution concerns of existing Unitholders.

The carrying amount of the Preferred Securities is presented below.

| | As at March 31, 2025 | As at December 31, 2024 |
|---|---|---|
| Series C | $ 114,466 | $ 113,515 |
| Deferred transaction costs, net of amortization | (2,442) | (2,578) |
| **Total** | **$ 112,024** | **$ 110,937** |

(in thousands of U.S. dollars, unless otherwise noted)

# FINANCIAL REVIEW: CASH FLOWS

The Trust generated the following cash flows during the three months ended March 31, 2025 and 2024.

| | Three months ended March 31, 2025 | Three months ended March 31, 2024 |
|---|---|---|
| Cash and cash equivalents – beginning of period | $ 36,502 | $ 62,835 |
| Cash provided by operating activities | 48,825 | 55,475 |
| Cash provided by (used in) financing activities | (24,671) | 64,101 |
| Cash used in investing activities | (5,000) | (115,849) |
| Change in cash and cash equivalents | 19,154 | 3,727 |
| Cash and cash equivalents – end of period | $ 55,656 | $ 66,562 |

During the three months ended March 31, 2025, the Trust generated cash flows provided by operating activities of $48,825 (2024 – $55,475) primarily related to cash royalties received. The year-over-year decrease from the prior period was due to higher cash expenses related to professional fees related to the review of governance processes and entity structure as well as compensation paid to officers of the Trust, which were absent in the prior period.

For the three months ended March 31, 2025, the Trust used cash flows of $24,671 from financing activities primarily related to principal repayment and related interest payments on the Trust's credit facility. The Trust also paid cash distributions of $4,786 to Unitholders.

For the three months ended March 31, 2024, the Trust generated cash flows of $64,101 from financing activities. The Trust borrowed $115,000 from its credit facility to fund the amendment to the Omidria royalty agreement, as described on page 7 of this MD&A. The Trust also used cash flows of $23,813 to make principal repayments, $7,850 to make related interest payments and paid cash distributions of $19,230 to Unitholders.

For the three months ended March 31, 2025, the Trust used cash flows of $5,000 for investing activities. The Trust paid $10,000 related to the Orserdu II milestone, as described on page 4 of this MD&A. The Trust also received $5,000 in annual license fees from the Casgevy financial royalty asset, as described on page 6 of this MD&A.

For the three months ended March 31, 2024, the Trust used cash flows of $115,849 for investing activities. The Trust used cash flows of $115,000 for the Omidria royalty amendment and $849 to pay for the related transaction costs, as described on page 7 of this MD&A.

# EQUITY

### Authorized equity

The Trust's authorized equity capital consists of: (i) an unlimited number of Units; and (ii) an unlimited number of Preferred Units, issuable in series. Issued and outstanding Units may be subdivided or consolidated from time to time by the Trust without notice to, or the approval of, the Unitholders.

### Units

Each Unit represents a proportionate undivided beneficial ownership interest in the Trust, which entitles the holder to one vote, participation in distributions made by the Trust on a pro rata basis and, in the event of the termination or winding-up of the Trust, in the pro rata share of its net assets remaining after the satisfaction of all its liabilities. Units are discussed in further detail in note 8 to the consolidated financial statements. As at March 31, 2025, 56,310,920 Units (December 31, 2024 – 56,304,425 Units) were outstanding at a cost of $562,637 (December 31, 2024 – $562,583).

The following table outlines the changes in the number of Units outstanding from December 31, 2023 to March 31, 2025:

| | Units | Weighted Average Cost per Unit | Total Cost |
|---|---|---|---|
| **Balance – December 31, 2023** | **56,358,240** | **n/a** | **$ 561,503** |
| No activity | | | |
| **Balance – March 31, 2024** | **56,358,240** | **n/a** | **$ 561,503** |
| Issuance of Units: | | | |
| Units issued on the settlement of vested Restricted Units | 352,531 | $ 10.39 | $ 3,663 |
| Repurchase and cancellation of Units – NCIB | (406,346) | 9.64 | (3,917) |
| Unit distributions to Unitholders | 160,997 | 8.29 | 1,334 |
| Consolidation of Units | (160,997) | n/a | n/a |
| **Balance – December 31, 2024** | **56,304,425** | **n/a** | **$ 562,583** |
| Issuance of Units: | | | |
| Units issued on the settlement of vested Restricted Units | 6,495 | $ 8.36 | $ 54 |
| **Balance – March 31, 2025** | **56,310,920** | **n/a** | **$ 562,637** |

(in thousands of U.S. dollars, unless otherwise noted)

### *Settlement of vested Restricted Units*

The following table outlines the Units issued upon settlement of vested RUs during the three months ended March 31, 2025, the three months ended March 31, 2024 and the period from April 1, 2024 to December 31, 2024:

| | Units Issued on Settlement of Restricted Units | | |
|---|---|---|---|
| | Three months ended March 31, 2025 | Three months ended March 31, 2024 | Nine months ended December 31, 2024 |
| Restricted Units Grant Date: | | | |
| September 10, 2021 | — | — | 12,452 |
| November 30, 2021 | — | — | 29,116 |
| June 10, 2022 | — | — | 7,309 |
| September 10, 2022 | — | — | 13,965 |
| November 22, 2022 | — | — | 17,038 |
| August 17, 2023 | — | — | 3,613 |
| October 25, 2023 | — | — | 28,576 |
| December 21, 2023 | — | — | 2,442 |
| January 10, 2024 | — | — | 104,495 |
| May 1, 2024 | — | — | 3,598 |
| May 31, 2024 | — | — | 123,438 |
| August 13, 2024 | 6,495 | — | 6,489 |
| **Total** | **6,495** | **—** | **352,531** |

The increase in the number of Units issued upon the settlement of vested RUs during the three months ended March 31, 2025 compared to the same period in 2024 is due to the timing of the vesting of the RUs granted in the previous year.

### *Normal course issuer bid*

From time to time, the market price of the Units of the Trust may not adequately reflect the value of the underlying assets of the Trust, and management wishes to take advantage of the market trading prices of its Units in those instances.

On November 13, 2023, the Trust was granted approval for the November 2023 NCIB by the TSX. In connection with the November 2023 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.

During the year ended December 31, 2024, the Trust acquired and cancelled 406,346 Units at an average price of $9.64, totaling $3,917.

As at March 31, 2025, in aggregate, the Trust has acquired and cancelled 3,163,509 Units at an average price per Unit of $5.82, totaling $18,427 under the NCIB Plans.

As at March 31, 2025, the Trust does not have an active NCIB plan.

Subsequent to March 31, 2025, the Trust was granted approval by the TSX to acquire, from time to time, if considered advisable, up to 3,148,536 Units of the Trust for cancellation between May 20, 2025 and May 19, 2026. In connection with the May 2025 NCIB, the Trust will establish 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.

## Warrants

In connection with the 2023 Private Placement, the Trust issued 6,369,180 Warrants to the 2023 Private Placement investors. Each 2023 Warrant entitled the holder thereof to acquire one Unit of the Trust for an exercise price of $11.62 at any time until the expiry of the 2023 Warrant on February 8, 2028. The 2023 Warrant exercise price represented a 106% premium to the volume weighted average price of the Trust's Units for the 20 trading days ending February 7, 2023. The 2023 Warrants were not listed on any stock exchange, although the underlying Units of the Trust issuable pursuant to the 2023 Warrants are listed on the TSX. The 2023 Warrants were included in other equity reserves. Transaction costs associated with the issuance incurred in 2023 totaled $79 and were recorded as a reduction in other equity reserves.

The fair value of the 2023 Warrants was estimated at $2,229 on issuance date using the Black-Scholes valuation model. The assumptions used to determine the fair value of the 2023 Warrants include: (i) exercise price of $11.62; (ii) average risk-free interest rate of 3.558%; (iii) expected 2023 Warrant life of five years; (iv) average expected volatility of 30%; and (v) expected distribution yield of 5.579%.

On April 23, 2024 the Trust completed a refinancing of the 2023 Preferred Securities and the 2023 Warrants. As a result of the refinancing, the 2023 Warrants were redeemed for $20,441 and 1,749,996 2024 Warrants were issued. Each 2024 Warrant entitles the holder thereof to acquire one Unit of the Trust for an exercise price of $15.00 at any time until the expiry of the 2024 Warrant on April 23, 2029. The 2024 Warrant exercise price represents a 20% premium to the volume-weighted average price of the Trust's Units for the five trading days ending April 12, 2024. As a result of the refinancing, the number of warrants outstanding has reduced, thus reducing the potential impact of Unit dilution that would occur if the 2023 Warrants were exercised. Transaction costs associated with the issuance incurred in 2024 totaled $137 and were recorded as a reduction in other equity reserves.

(in thousands of U.S. dollars, unless otherwise noted)

The fair value of the 2024 Warrants was estimated at $4,322 on issuance date using the Black-Scholes valuation model. The assumptions used to determine the fair value of the 2024 Warrants include: (i) an exercise price of $15.00; (ii) an average risk-free interest rate of 4.38%; (iii) a five-year term; (iv) average expected volatility of 30.5%; and (v) expected distribution yield of 3.35%.

As at March 31, 2025, the net value of the 2024 Warrants recognized in other equity reserves was $4,106 (December 31, 2024 – $4,106).

### Distributions

The Trust pays quarterly distributions in accordance with its distribution policy, which is described in the Trust's most recent annual information form. The following table presents cash and Unit distributions made by the Trust during the three months ended March 31, 2025 and year ended December 31, 2024:

| | Record Date | Payment Date | Distribution per Unit | Total Distribution |
|---|---|---|---|---|
| 2025 | | | | |
| Q1 2025 – Quarterly cash distribution | March 31, 2025 | April 17, 2025 | **$ 0.1000** | **$ 5,631** |
| **Total** | | | **$ 0.1000** | **$ 5,631** |
| | | | | |
| 2024 | | | | |
| Q1 2024 – Quarterly cash distribution | March 31, 2024 | April 19, 2024 | $ 0.0850 | $ 4,790 |
| Q2 2024 – Quarterly cash distribution | June 30, 2024 | July 19, 2024 | $ 0.0850 | $ 4,795 |
| Q3 2024 – Quarterly cash distribution | September 30, 2024 | October 18, 2024 | $ 0.0850 | $ 4,783 |
| Q4 2024 – Quarterly cash distribution | December 31, 2024 | January 20, 2025 | $ 0.0850 | $ 4,786 |
| Q4 2024 – Unit distribution(i) | December 31, 2024 | n/a | $ 0.0237 | $ 1,334 |
| **Total** | | | $ 0.3637 | $ 20,488 |

(i) On December 20, 2024, the board of trustees of the Trust declared a special Unit distribution of $0.0237 per Unit, totaling $1,334 to Unitholders of record as at December 31, 2024, which was issued on December 31, 2024. Immediately following the special Unit distribution, Units of the Trust were consolidated such that, after each consolidation, each Unitholder held the same number of Units that were held by the Unitholder immediately before the special Unit distribution.

During the three months ended March 31, 2025, the board of trustees of the Trust declared cash distributions totaling $5,631 (2024 – $4,790).

Subsequent to March 31, 2025, the board of trustees of the Trust declared a quarterly cash distribution of $0.10 per Unit to Unitholders of record as at June 30, 2025 and payable on July 18, 2025.

## LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2025, the Trust's capital was $991,357 (December 31, 2024 – $1,004,573) and consisted of its Unitholders' capital of $562,637 (December 31, 2024 – $562,583), 2024 Preferred Securities, prior to the deduction of deferred transaction costs, net of amortization, of $114,466 (December 31, 2024 – $113,515), 2024 Warrants, prior to the deduction of deferred transaction costs of $4,322 (December 31, 2024 – $4,322) and amended credit facilities, prior to the deduction of deferred transaction costs, net of amortization, of $309,932 (December 31, 2024 – $324,153).

The Trust's objectives in managing capital are to:

- Build long-term value for its Unitholders;
- Maintain optimal liquidity for pursuing acquisitions, meeting its obligations and making distributions to Unitholders;
- Achieve reasonable return on capital and control the risk and exposure associated with capital investments; and
- Maintain an optimal capital structure and reduce the cost of capital.

The Trust has access to a number of capital sources, including: (i) cash on hand; (ii) internally generated cash flows; (iii) debt and other financing; (iv) the issuance of Trust Units to royalty sellers; and (v) future public equity issuances.

The Trust's primary ongoing source of liquidity is cash provided by operating activities. During the three months ended March 31, 2025 the Trust generated $48,825 (2024 – $55,475) of cash provided by operating activities.

The Trust believes its existing capital resources and cash provided by operating activities will continue to allow the Trust to meet its operating and working capital requirements, and to meet externally imposed capital requirements and obligations, including the scheduled repayments of its credit facility for the foreseeable future.

As at March 31, 2025, the Trust was in compliance with all externally imposed capital requirements.

# OFF-BALANCE SHEET OBLIGATIONS AND COMMITMENTS

On September 9, 2022, the Trust bought royalties on the sales of Zejula. In accordance with the terms of the royalty agreement, the Trust is committed to making a milestone payment of $10,000 should Zejula be approved by the FDA for the treatment of endometrial cancer on or before December 31, 2025.

On November 25, 2022, the Trust bought royalties on the sales of Xenpozyme. In accordance with the terms of the royalty agreement, the royalty seller may be entitled to additional consideration of up to $26,500 in the event that cumulative royalties received by the Trust on Xenpozyme sales exceed certain thresholds within a predefined period of time.

On April 3, 2023, the Trust bought an additional stream on Empaveli/Syfovre. In accordance with the terms of the royalty agreement, the royalty seller may be entitled to an additional payment of $4,000 in the event that Empaveli/Syfovre sales exceed certain thresholds within a predefined period of time.

On August 16, 2023, the Trust entered into a pledge agreement with the Mayo Clinic. In accordance with the terms of the agreement, the Trust intends to contribute $5,000 in total ($1,000 annually, payable in quarterly installments) to the Mayo Clinic to directly support and further the Center for Regenerative Biotherapeutics. To date, the Trust has paid a total of $1,750.

On February 1, 2024, the Trust amended the existing Omidria royalty agreement, as described on page 6 of this MD&A. In accordance with the terms of the amended royalty agreement, the royalty seller may be entitled to an additional payment of up to $55,000 in potential sales-based milestone payments.

On June 28, 2024, the Trust bought an additional royalty stream on Xenpozyme as described on page 6 of this MD&A. In accordance with the terms of the royalty agreement, the royalty seller may be entitled to additional consideration of up to $32,500 in potential performance-based milestone payments.

On November 4, 2024, the Trust bought a royalty interest in sebetralstat, as described on page 6 of this MD&A. In accordance with the terms of the royalty agreement, the royalty seller may be entitled to receive up to $79,000, composed of up to $57,000 in sales-based milestones and $22,000 in a one-time optional payment. The royalty seller is entitled to a potential one-time sales-based milestone payment of $50,000 if annual worldwide net sales of sebetralstat meet or exceed $550,000 before January 1, 2031, which increases to $57,000 if the optional payment is exercised. If sebetralstat is approved prior to October 1, 2025 the optional payment of $22,000 can be exercised at the discretion of the royalty seller, increasing the royalty rate entitled to the Trust.

The Trust did not have any other off-balance sheet obligations, commitments, or guarantees at March 31, 2025.

# CONTINGENT LIABILITY

On or about September 19, 2024, a statement of claim was issued on behalf of Andrea Reid, seeking leave to institute a securities class proceeding before the Ontario Superior Court of Justice against DRI Capital Inc., DRI Healthcare Trust, Behzad Khosrowshahi, former CEO of the manager and Trust and Chris Anastasopoulos, former CFO of the manager and Trust, on behalf of a class of investors who acquired Units of the Trust between February 11, 2021 to August 6, 2024 (and held such Units until August 6, 2024). As the outcome of the claim is currently indeterminable, no amounts have been accrued as of March 31, 2025.

Subsequent to March 31, 2025, as part of internalization discussions described on page 5 of this MD&A, DRI Capital Inc. agreed to assume all responsibility for any costs and obligations that may arise from the above legal actions.

# RELATED-PARTY TRANSACTIONS

DRI Healthcare serves as manager for the Trust. The following are related-party transactions that occurred between the Trust and its manager during the three months ended March 31, 2025 and 2024. Management fees and performance fees are payable by the Trust pursuant to the management agreement.

### Management fees

Under the management agreement, the Trust is required to pay quarterly management fees to its manager or its affiliates equal to 6.50% of total cash receipts for such quarter and 0.25% of the fair value of security investments and related derivative financial instruments as of the end of such quarter, as described in note 3(n) to the Trust's 2024 consolidated financial statements. During the three months ended March 31, 2025, the Trust recorded management fees to its manager of $4,076 (2024 – $4,164).

### Performance fees

The Trust's manager is entitled to performance fees determined on a portfolio-by-portfolio basis pursuant to the terms of a management agreement, as described in note 3(o) to the Trust's 2024 consolidated financial statements.

The Trust recorded performance fees of $533 during the three months ended March 31, 2025 (2024 – $231) as the conditions for performance fees were met primarily due to the cash receipt on Casgevy.

During the fourth quarter of 2024, conditions for performance fee payments were met as a result of the additional revenue recognized for Orserdu, as described on page 4 of this MD&A, and performance fees of $1,665 were recognized.

### Other current assets

From time to time, the Trust will pay for expenses on behalf of its manager, DRI Healthcare, in which DRI Healthcare has an obligation to repay the Trust; this receivable is recorded as other current assets. As at March 31, 2025, the Trust has a balance of $82 receivable from DRI Healthcare (December 31, 2024 – $1).

### Key management compensation

During the three months ended March 31, 2025 and 2024, the Trust issued compensation to members of the board of trustees of the Trust, as described on page 11 of this MD&A, and to certain officers of the Trust, as detailed below.

During the three months ended March 31, 2025, the Trust recorded total cash compensation expense of $406 (2024 – nil) related to compensation paid to certain officers of the Trust.

During the three months ended March 31, 2025, the Trust issued 6,495 Units on the settlement of vested RUs, net of withholding taxes, to certain officers of the Trust. To date, the Trust has issued a total of 57,946 Units on the settlement of vested RUs, of which 2,584 were issued in 2021, 3,376 were issued in 2022, 19,004 were issued in 2023, 26,487 were issued in 2024 and 6,495 were issued in 2025. During the three months ended March 31, 2025, the Trust recorded unit-based compensation expense of $168 (2024 – $276) related to the RU grants and the accretion of the related distribution equivalent Units.

### Reimbursement

On July 9, 2024, based on information obtained in the investigation, DRI Healthcare, the manager of the Trust, reimbursed the Trust for $5,501 (C$7,500) which was recorded in other equity reserves on the date it was received. On August 6, 2024, the investigation was substantially completed and had identified $6,510 in consulting and other expenses that had been incorrectly charged to the Trust as directed by the former Chief Executive Officer. On August 6, 2024, the Trust received an additional $1,009 from DRI Healthcare related to the additional expenses identified from the investigation, $696 of which was recorded in other equity reserves on the date received and $314 of which reduced the related-party receivable from DRI Healthcare, the manager of the Trust, as described on page 2 of the MD&A. Subsequent to August 6, 2024 the investigation concluded and no additional items were identified as requiring adjustment.

## CHANGES IN ACCOUNTING POLICIES

The Trust's accounting policies are discussed in detail in note 3 to the Trust's 2024 consolidated financial statements. There were no changes to the accounting policies for the three months ended March 31, 2025.

## CRITICAL ACCOUNTING ESTIMATES

In the preparation of this MD&A, the Trust has used consistent judgment and estimates as described in note 4 to the Trust's 2024 consolidated financial statements.

## RISK FACTORS

### Tariff risks

Our portfolio of royalty assets exposes us to potential risks associated with the imposition of tariffs on certain biotechnology and pharmaceutical products. The imposition of tariffs may result in additional gross-to-net deductions impacting top-line sales that the Trust earns royalties on, which would negatively impact our results of operations.

## SUBSEQUENT EVENTS

### NCIB

On May 9, 2025, the Trust was granted approval by the TSX to acquire, from time to time, if considered advisable, up to 3,148,536 Units of the Trust for cancellation between May 20, 2025 and May 19, 2026. In connection with this approval, the Trust will establish 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.

### 2025 second quarter distribution declared

On May 12, 2025, the board of trustees of the Trust declared a quarterly distribution of $0.10 per Unit to Unitholders of record as at June 30, 2025 and payable on July 18, 2025.

### Amendment to the amended credit agreement

On May 12, 2025, the Trust received lender consent for internalization of the manager function. The Trust also revised its amended credit agreement to reallocate $25,000 of the acquisition credit facility to the working capital credit facility, increasing it to $50,000. The credit available for investment remains unchanged as the working capital credit facility can be used for investment purposes. Furthermore, the interest rate on the amended credit agreement was revised to SOFR plus (i) a margin which may vary from 1.75% to 2.50% based on the Trust's leverage ratio; and (ii) a margin of 0.10%. All other material terms of the amended credit agreement remain unchanged, as described on page 19 of this MD&A.

### Internalization

On May 12, 2025, the Trust and the manager entered into a definitive management agreement termination agreement and a definitive asset purchase agreement, pursuant to which (i) the management agreement with the manager will be terminated and the manager will indemnify the Trust and its affiliates in respect of, among other things; damages relating to the events described on page 2 of this MD&A under the heading "Explanatory Note Regarding the Restatement of Previously Issued Consolidated Financial Statements" and the claim described on page 24 of this MD&A under the heading "Contingent Liability" and (ii) the Trust will acquire all of the assets of the manager pertaining to the business of the Trust. The Trust will pay a total of $49,000 in cash to extinguish the management agreement, along with all management and performance fee obligations (with expenses payable in connection with the pre-closing period payable by the Trust), and to acquire all relevant assets from DRI Capital Inc. As a result of the transactions contemplated by the asset purchase agreement, the employees of DRI Capital Inc. will also transition to a Trust subsidiary.