DRI HealthcareTrust

Second Quarter 2025 Earnings Call

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PRESENTATION

Operator

Good morning, everyone. Welcome to DRI Healthcare Trust's 2025 Second Quarter Earnings Call.

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

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

Today's presentation also references non-GAAP measures. The definition of these measures and a reconciliation to measures recognized under IFRS are included in our earnings press release, as well as on our MD&A for this quarter, both of which are available on our website and on SEDAR+.

Unless otherwise specified, all dollar amounts discussed today are in U.S. dollars.

I want to remind everyone that this conference call is being recorded today, Thursday, August 14, 2025. DRI's quarterly results press release and the slides of today's call will be available on the Investors page of the Company's website at drihealthcare.com.

I would now like to introduce Mr. Gary Collins, Executive Chair of the Board of DRI Healthcare. Please go ahead, Mr. Collins.

Gary Collins — Executive Chair, DRI Healthcare Trust

Thank you, Operator, and good morning, everyone. Thank you for taking the time to join us today. With me are Ali Hedayat, CEO and Board Trustee, Navin Jacob, Chief Investment Officer, and Amit Kapur, Chief Financial Officer.

I'll begin the call by briefly discussing our internalization, which closed on July 1. Then Ali will provide an overview of our operating highlights. Next, Navin will discuss our portfolio assets and provide an update on the market outlook. Finally Amit will discuss our key financial highlights before moving onto questions and answers.

We're pleased to have completed the internalization of our investment management function as of July 1. The employees of DRI Capital have now transitioned to a subsidiary of DRI Healthcare. Internalization will lead to better strategic alignment of interests between unitholders and DRI Healthcare with stronger governance and more investor-friendly structure that offers greater transparency. We expect this will open up a new audience of investors, potentially leading to a broader unitholder base, a heightened corporate profile and enhanced trading liquidity. Additionally, it's

important to note that we estimate this will result in cumulative savings of over $200 million over the next 10 years. Operationally, we'll have more flexible capital and a stronger cash position.

With internalization complete, I've assumed the role of Executive Chair at DRI Healthcare and Ali has taken the role of Chief Executive Officer. Today, we are announcing that Amit Kapur will be departing DRI Healthcare at the end of September. Amit very kindly agreed to join us at DRI at a uniquely challenging point last summer to help stabilize the Company and put us on a more solid footing. As well, Amit played a significant leadership role as the Trust evaluated all options as part of the Board's strategic review, which has resulted in our successful internalization of the manager.

During his tenure, Amit played an integral role in shaping the financial strategy, governance framework and the growth trajectory of the Trust. Amit led critical initiatives that quickly strengthened the Trust's financial foundation and governance framework and enhanced operational efficiency while supporting our continued long term value creation for unitholders. On behalf of the Board, our team and indeed our unitholders, I want to express our gratitude for Amit for his unique skills and leadership and as a highly valued partner in a very challenging period, and we all wish him the very best as he brings that leadership and skill to his next venture. The Board and I are confident that we'll continue the strong growth and value creation that unitholders have benefited from since the Company's inception.

With that, I'll turn the call over to Ali, who will discuss our recent highlights.

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

Thank you, Gary. Our team are pleased to have completed the important milestone of internalizing the manager. We have come a long way since the events of last summer, and I am greatly appreciative of the hard work and constructive approach Gary and the Board took in helping us to chart a path through these events to what we believe is a better long term structure for all of our stakeholders.

This quarter, our portfolio receipts were impacted by weak performance in our VONJO and Omidria investments, which were offset by continued strength in our Xolair royalty in the legacy portfolio, as well as in our Orserdu and Xenpozyme assets. Navin will discuss our performance in detail, but at a high level, we believe the weakness in VONJO is likely to persist due to the impact of Medicare and 340V headwinds, while we are likely to see some normalization in Omidria. Orserdu and Xolair continue to significantly outperform our expectations, demonstrating the value and the breadth of our portfolio.

Looking forward, we also expect stronger performance in our Ekterly asset than what we had originally underwritten. The second quarter also continues to reflect an elevated cost structure, both due to one-off expenses related to the internalization process itself as well as the absence of the synergies resulting from the process, which we expect will be reflected in run rate expenses exiting the fourth quarter.

With the completion of internalization, we have taken a more proactive approach to optimizing our capital structure. The reactivation of our normal course issuer bid gives us the ability to purchase approximately 3.15 million units in aggregate. As of June 30 of this year, we acquired and cancelled

approximately 958,000 units for $9.1 million. We also took further steps to increase unitholder value by redeeming and cancelling $10 million of face value of our Series C preferred securities for $9.5 million, along with outstanding and accrued interest. I want to reiterate that this more dynamic approach to our capital base does not come at the expense of deployment but is complementary to it, and also helps us manage the cadence of what is naturally a lumpy outflow on the investment side. Our intention is to constantly optimize our mix of deployment dollars, NCIB and debt repayment to sustain an optimal spread between our portfolio returns and our cost of capital.

In July, we were pleased to see the approval of KalVista's sebetralstat, now named Ekterly by the FDA. Ekterly is the first and only oral on-demand therapy for treating attacks associated with hereditary angiodema, a rare genetic disorder. Our royalty interest in Ekterly was acquired in November of last year. It was DRI's first acquisition of a purely preapproval asset and our first synthetic royalty transaction in over three years. The aggregate purchase price was up to $179 million. This consisted of $100 million upfront payment, a $57 million sales-based milestone payment, and an optional one-time payment of $22 million. DRI also made a $5 million investment in KalVista's common stock.

With Ekterly's approval, KalVista exercised its option under the agreement to receive the one-time $22 million payment. As a result, DRI's first tier royalty rate will increase from 5 percent to 6 percent on net sales up to and including $500 million, 1.1 percent on net sales above $500 million and up to and including $750 million, and 0.25 percent on net sales above $750 million. The sales-based milestone payment also increased from $50 million to the $57 million in conjunction with the exercise of this $22 million option.

Royalty receipts on Ekterly are expected to begin next quarter and will be collected on a one-quarter lag basis. We anticipate cash receipts through at least 2041. I will leave it to Navin to further discuss this asset in detail, but I want to highlight that Ekterly showcases our ability to structure creative, mutually beneficient deals, and through structures like the adjacent equity investment generate additional potential value.

We intend to continue to carefully deploy a measured portion of our assets to similar preapproval deals with the benefits to our portfolio manifesting in both longer duration and better returns. With over $255 million available in our facilities following the $22 million payment to KalVista, we have significant additional capital to continue exercising our proven strategy and a robust pipeline of opportunities to deploy that capital.

I will now turn the call over to Navin Jacob, our Chief Investment Officer.

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

Thank you, Ali. Regarding our existing portfolio performance, the table on Slide 9 shows the individual royalty receipts for the second quarter of 2025 compared to the same period in the previous year and the previous quarter. Our portfolio generated total cash receipts of more than $40 million this quarter. Receipts decreased by 7 percent from the first quarter of 2024 for a few reasons, including primarily a decrease in the sales volume of Omidria and achieving the annual royalty cap of the original Empaveli investment. The decrease was partially offset by the increase in Orserdu sales, the removal of certain deductions in Orserdu II, and the additional Xenpozyme royalty stream.

As we discuss the key assets in the portfolio, let me first spend a moment on sebetralstat, now marketed as Ekterly. As Ali mentioned, on July 7, the FDA approved Ekterly as the first and only oral on-demand therapy for hereditary angiodema, or HAE attacks, offering patients a welcome alternative to injectable rescue medicines. This approval is a significant milestone for us for several reasons. It was our first preapproval royalty deal and our first direct equity stake in an innovator-partner, a clear sign that the platform can originate transactions earlier in the drug development cycle. The success of that strategy is now validated by the FDA approval less than nine months after we closed the deal.

Additionally in July, the Committee for Medicinal Products for Human Use of the European Medicine's Agency adopted the positive opinion recommending marketing authorization to sebetralstat, and the European Commission final decision is expected by early October. The United Kingdom's regulatory agency, MHRA approved Ekterly on July 15, which was earlier than we anticipated.

Ekterly introduces a therapeutic area to our portfolio and carries cash flow duration through at least 2041, lengthening the weighted average lifespan of our royalty stream. The transaction has pushed our cumulative deployments since our 2021 IPO above the billion-dollar mark, reinforcing our ability to scale while remaining selective. The commercial launch is expected this quarter. Royalty receipts follow on a one-quarter lag, meaning initial cash flows are anticipated to begin in the second half of this year, although meaningful contribution is likely only to start in 2026 given early launch dynamics, such as reimbursement.

Ekterly is a textbook example of how we can create value for patients, biopharma partners, and unitholders by moving earlier, structuring creatively, and taking on a measure of disciplined risk in our deployment. We look forward to updating you as royalties begin to come in.

Our midyear royalty receipts decreased 20 percent from the previous year because of continued pressure from the merit-based incentive payments systems program on our mix, but increased 12 percent from the previous quarter. As we highlighted last quarter, Omidria sales are notably lower in January, driven by reduced purchasing patterns as wholesalers appear to reduce inventory to reflect weaker demand. This weakness was seen in Q2 2025, albeit not as weak as Q1 2025. We are now observing a slow stabilization in demand as physicians refine their usage patterns to avoid potential penalties tied to over-utilization.

Looking ahead, we anticipate a gradual recovery in Omidria sales with growth resuming in the second half of 2025. This outlook reflects intensified commercial efforts by the marketer and the upcoming launch of Omidria in the hospital outpatient department setting.

Orserdu royalty receipts were up 43 percent year-over-year at $12.8 million versus $8.9 million in Q2 2024, as a result of growing sales and the removal of certain deductions for Orserdu II, for which we are now experiencing a higher royalty rate on a go-forward basis. In the U.S, we are seeing robust sales growth driven by marketer initiatives and a growing prescription base, despite Medicare policy changes. Outside the U.S., we expect targeted launches of Orserdu and ongoing efforts by the marketer to secure national reimbursement in priority markets. Based on Q2 2025 sales, we anticipate Q3 2025 royalty

receipts of over $15 million. Orserdu is now annualizing at over $600 million and is vastly outperforming our expectations.

Finally, ongoing clinical trials in early stage breast cancer indications position Orserdu for potentially expanded indications and treatment settings which were not included in our acquisition forecast. In other words, new combinations and/or indications would mean even greater upside for this important asset that is already outperforming our expectations.

Spinraza royalty receipts increased 16 percent year-over-year, driven by sustained favourable net pricing in the U.S. and increased sales volume in international markets. Spinraza is an important part of Biogen's rare disease portfolio.

VONJO royalty receipts for the quarter decreased 11 percent compared to the previous year, due mainly to changes in U.S. reimbursement impacting gross-to-net adjustments with the Part D Medicare discounts that came into effect in 2025. Sobi recently reported second quarter 2025 sales of roughly $31 million. This represents a year-over-year decline in revenue but an 11 percent increase in volume growth. Sobi commented that continued demand was outweighed by the impact from gross-to-net adjustments, highlighting two factors: 340B reforms and increase in Medicare Part D rebates, driven by the Inflation Reduction Act. The Company provided updates on its ongoing strategic efforts and label expansion, guideline support, geographic expansion, and continued progress in advancing new indications such as the PACIFICA and PAXIS studies.

Looking ahead, we remain confident in Sobi's aims to broaden VONJO's label through the Europe-focused PACIFICA Phase III trial and other new indications which, as a reminder, were not included in our original acquisition forecast.

Turning to Casgevy, recall that we get paid in the first quarter of every year an annual license fee and a separate sales-based license fee. Even though we are unlikely to earn a sales-based fee for a few years, the performance of that drug should not be ignored. When we review all key performance indicators, including the number of authorized treatment centers that are now up and running, cell collections and patients infused, we see an asset that is outperforming our expectations. The strength in the KPIs is translating into better than anticipated sales as well. For Q2 2025, Vertex announced sales of $30 million, in other words annualizing at well over $100 million. Casgevy is exhibiting a ramp that is roughly one year faster than we initially anticipated.

In summary, VONJO and Omidria are underperforming our underwriting, however Orserdu, Casgevy and Xenpozyme are outperforming our expectations. Furthermore, we anticipate in the medium term Ekterly will also outperform our initial expectations. Because our royalties are spread across therapeutic areas and mechanisms, any temporary headwind in a single molecule is naturally smoothed out by the strength of the rest of the portfolio. This diversification underpins the stable cash flows you see in our results and lets us continue to deploy capital without outsized exposure to any single investment's performance.

The biotech sector faced significant volatility in the first half of 2025 driven by persistent inflation, elevated interest rates, and macroeconomic pressures. In the second quarter, we saw the

continuation of an elevated interest rate environment from the first quarter as well as continued tariff uncertainty, budget and personnel cuts affecting the FDA, and headlines regarding potential drug pricing reform. Despite these headwinds, during Q2 2025 we tracked nine royalty transactions totaling $3 billion in total value, which compares to 25 equity deals for a total of $3.6 billion raised by biopharma companies across the U.S. and Europe. This remarkable increase in the biopharmaceutical industry's interest in royalty transactions is reflected in our pipeline, which continues to be over $3 billion, representing the aggregate value of potential opportunities under review by our investment team.

More broadly, we view today's market conditions as a fundamental shift in the biotech funding environment rather than a temporary dip. The era when early stage companies could easily tap public equity markets, particularly during the 2020 and 2021 boom, has given way to a new paradigm. In this environment, non-dilutive royalty funding has emerged as a critical and lasting tool in capital formation. We anticipate that this trend will continue, driven by the steady increase in royalty-based and structured financing across the sector. Amid these changing markets, we remain focused on sourcing and creating royalties tied to therapies with the potential to meaningfully improve patient outcomes and quality of life.

I will now turn the call over to our CFO, Amit Kapur.

Amit Kapur — Chief Financial Officer, DRI Healthcare Trust

Thank you, Navin. We posted financial results for the quarter that were in line with our expectations. We recorded $40.2 million in total cash receipts, a 7 percent decrease over the prior period, reflecting the changes in receipts noted by Navin. We recorded $44.1 million in total income, a 6

percent increase over the prior year period. We recorded $30.4 million in Adjusted EBITDA, an 8 percent decrease over the prior year period. The decline in Adjusted EBITDA reflects the impact of non-recurring charges in professional fees and other expenses related to the internalization transaction totaling $2.3 million. Total internalization expenses are just over $6 million for the year.

Our Adjusted EBITDA margin year-to-date was 80 percent. Without these non-recurring expenses, year-to-date Adjusted EBITDA margin would have been 87 percent, in line with historical performance. With internalization complete, we expect Adjusted EBITDA to return to these levels in future quarters. Finally, we delivered $0.51 in basic adjusted cash earnings per unit and declared cash distributions of $0.10 per unit.

Moving to Slide 13. We continue to generate strong cash flow from our assets. For the 12 months ending June 30, 2025, we recorded royalty income of $186.8 million plus the change in the fair value of royalty assets, the unrealized gain on marketable securities, and other interest income for a total income of $191.2 million. After adjusting for royalties receivable, the unrealized gain on marketable securities and the change in the financial royalty assets, we achieved normalized total cash receipts of $185.7 million.

Our operating expenses, management fees and performance fees totaled $35.4 million, resulting in Adjusted EBITDA of $150.3 million and Adjusted EBITDA margin of 81 percent. We also generated adjusted cash earnings per unit of $2.15.

Moving to Slide 14, as at June 30, we had $82.5 million of cash and cash equivalents on hand, $49 million of which was used to fund the termination of the previous management contract subsequent to

June 30. We also had $49.6 million of royalty receivables and $273.1 million of credit availability from our bank syndicate. We are prudent allocators of capital and our focus remains on growing our portfolio through the attractive opportunities we are seeing in the market that Navin outlined earlier.

In addition, we will continue to pursue all opportunistic capital deployment strategies to maximize value creation for unitholders. As highlighted by Ali in his remarks, this quarter presented an opportunity to redeem and cancel $10 million face value of our Series C preferred securities at a discount. Additionally, we strategically allocated capital to repurchase and retire approximately 958,000 units through our share buyback program, further reinforcing our commitment to optimizing capital structure and returning value to unitholders. We will continue to retain discretion, whether to making purchases under the NCIB, if any, and to determine the timing and amount and acceptable price of any such purchases, subject at all times to applicable TSX and other regulatory requirements. All units purchased by DRI under the NCIB will be cancelled.

With that, we will now take your questions.

Q & A

Operator

Thank you. Ladies and gentlemen, we will now begin the question and answer session. Should you have a question, please press star followed by the one on your touchtone phone. You will hear a prompt that your hand has been raised. Should you wish to decline from the polling process, please press star followed by the two. If you are using a speakerphone, please lift the handset before pressing any keys. One moment please for your first question.

Your first question comes from Les Sulewski with Truist Securities. Your line is now open.

Les Sulewski – Analyst, Truist Securities

Thank you, good morning. Thank you for taking my questions. Maybe for Ali and the team, could you provide any latest commentary around transactions and deal flow, whether it's something that you've walked away from or early stage or late stage, perhaps. Then how do you view the current valuation environment for commercial assets, and is there a disconnect versus clinical-stage assets on the valuation front?

Then for Navin on Ekterly, was the $22 million optional payment partial to KalVista's decision or a mutual decision, and how do you vie the challenges around the approval of Ekterly that potentially have any spill through on the commercialization front? Then on Omidria, can you provide any comments on how the NOPAIN Act has translated to the drug uptake? Thank you.

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

Ali, do you want to take that first question? I'm happy to as well.

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

Yes, I'll take it—sorry, we were just on mute there. I'll give you a broader panorama of what we're seeing out there in the market, and then I'll let Navin address the pipeline and the drug-specific questions.

Probably a framing comment here is that, as with many other areas of the market, you're seeing a lot of competition from alternative fixed income in our space, and naturally where that moves towards is transactions that are relatively simpler in structure with fixed income-like characteristics in terms of cast and collars, those type of features. When you think through our pipeline—and this touches also on your question about preapproval—we're naturally going to areas where we can extract excess return. Those areas are basically complex structuring, probably areas that are—go to our strengths in terms of analysis of IP and sales forecasting, have more equity-like components to the return profile, and also to some extent towards a little bit more preapproval exposure. The sum of all of those are things that we have to balance and come up with a framework around in terms of how we want to allocate risk and drive returns.

But the easier part of the transaction structure, which was an area where we weren't particularly present in a large way historically, but it certainly was part of our transaction flow, has become more competitive on the margin and returns there have gotten a little bit more compressed.

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

Let me start off with the easy one on Ekterly. It was a mutual decision preapproval, or rather at the time of deal closing that KalVista would have that option to buy more into the royalty. It was their option but obviously we had to decide together that this was something that made sense. They chose—on approval, they chose to call that option. That increased our—that gave them more cash and increased our exposure to the asset, which we wanted because we are quite happy with the profile of

that asset. As I've stated before, we think in the medium term, there's actually more upside relative to our initial expectations, so.

With regards to Omidria, how is the NOPAIN Act affecting uptake. From everything we've seen there, the question around whether it positions one to use the drug or not has not changed, or rather our thesis around that has not changed. What has been weaker than we anticipated was some of the reimbursement challenges specifically around MIPS. That—because of that demand, the unit volume demand that each physician has or utilizes has decreased, has been decreasing, and is now starting to slowly stabilize. But the individual physician had to decrease that level of volume because there was some incentive payment offsets that happen if there's too much volume, basically, by each physician. With that said, towards the tail end of Q2, we started seeing some stabilization as we anticipated.

Now, in the second half of this year, the NOPAIN Act has benefit insofar as the HOPD setting coming online—well, it came online at the beginning of this year, but really we'd anticipate we'd start setting some of that impact in the second half of this year. The HOPD setting, again, is the hospital outpatient setting where there was no reimbursement before, and now there is starting in 2025.

Les Sulewski – Analyst, Truist Securities

That's helpful, thank you.

Operator

Your next question comes from Erin Kyle with CIBC. Your line is now open.

Erin Kyle — Analyst, CIBC World Markets

Hi, good morning. It's Erin Kyle on for Scott Fletcher here. I want to start maybe with Empaveli. It was approved for a new indication last month, I believe the end of July. Maybe you can just talk about whether that new indication is factored into your acquisition analysis, or if there's any upside you see from that.

Amit Kapur — Chief Financial Officer, DRI Healthcare Trust

We did not include that in our initial assessment, and that is all upside now. Having said that, Erin, recall that for our Empaveli/Syfovre acquisition, that has captured $500 million annually. We only receive royalties up until $500 million of sales. What this new indication does, or two indications provides for us is greater certainty around achieving that cap. The product has already been achieving above that cap, this just increases the likelihood of continuing to receive royalties up to that cap.

Erin Kyle — Analyst, CIBC World Markets

Okay, thank you. It may be fair to say from a modeling perspective, we might model you hitting that cap a little bit earlier than you have in this year so far.

Then my other question was on Zytiga. Just for our model, the cash receipts from Zytiga was a bit below our expectations. I understand that a generic has entered the European market. I'm just wondering if you could comment on whether that impact to sales has been as you expected or if it's been a little bit more significant, or what you've seen there.

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

Overall, Zytiga has been forming, I would say, relatively in line with, if not slightly better than expectations. There's nothing here that we are seeing that concerns us.

Erin Kyle — Analyst, CIBC World Markets

Okay, thank you. That's helpful there. Then maybe I'll just ask one more question, just on the pipeline here and the timing of royalties owed. I believe at the beginning of the year, we talked about 2025 being a second half-weighted year for acquisitions, just given one large deal kind of fell out of the pipeline earlier this year. Just in terms of cadence, what have you been seeing so far, and should we be expecting a ramp-up in acquisitions in the second half still?

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

It's—go ahead, Ali. Sorry.

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

No, it's always intrinsically hard for us to forecast within a year or within a few months what we're going to deploy, right? Intrinsically, it's a pretty lumpy process, and we're negotiating multiple large transactions simultaneously and some progress to the finish line and others don't. We had a little bit of dislocation in the earlier part of this year because of the transaction that you referred to, and at this point, we're back to our normal cadence and process in terms of looking for and progressing deals.

But to say that we'll close one in September until of November is probably false precision to some extent.

I don't know, Navin, if you have...

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

No, that summarizes it.

Erin Kyle — Analyst, CIBC World Markets

Thank you, that's fair. I'll pass the line.

Operator

Your next question comes from Ash Verma with UBS. Your line is now open.

Unknown Speaker — Analyst, UBS

Hey, good morning. This is (inaudible 0:34:00) on behalf of Ash. Thanks for taking our questions. I just have one on Ekterly for HAE. Where do you think the revenue opportunity lies in the long run? Then is it for acute treatment or preventative? Also, how do you think about the duration of treatment in either setting? Thank you.

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

Just as a reminder, Ekterly is approved as a treatment for HAE attacks. This is not a prophylactic, i.e. it's not a preventative treatment, or rather it's not a prophylaxis preventing the attack. It is treating the attack.

The upside comes from multiple key performance indicators that we're seeing, the first of which is the number of patients that have shown interest. The Company has spoken about several thousand patients signing onto the website and that they are now tracking as interested in utilizing Ekterly. All those numbers are significantly ahead of where we had anticipated they would—the Company at this point in time of the launch would have found. But they have, and that's a lot of upside, potential upside for us.

Secondly, the price came in quite strong; we're happy about that. Then thirdly, volumes in the broader on-demand setting have been quite stable, and there has been a lot of discussion, I think leading into the Ekterly launch, that the broader market had been declining, and we're not seeing any signs of that. That was part of our research before even entering the deal, and we thought that there was a disconnect there with regards to the size of the market relative to expectations, which is why we went after the asset. From everything we're seeing, we anticipate it should be a strong launch.

The first couple of quarters, just to set expectations, will be light relative to how much royalties we get in, just because there is some reimbursement systems that have to be put into place, some effectively sampling that also has to happen. But we feel extremely confident about—that towards the end of next year, you're going to see quite robust sales.

Unknown Speaker — Analyst, UBS

Thank you, very helpful.

Operator

Ladies and gentlemen, as a reminder, should you have a question, please press star, one.

Your next question comes from Prashant Kamath with National Bank. Your line is now open.

Prashant Kamath — Analyst, National Bank Financial

Good morning, Prashant here calling in for Zach. Can you walk us through the impacts of the reimbursement program changes for VONJO in Q2, and what are your expectations for the coming quarters?

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

Yes, on VONJO, we had described some of that during our Q1 call as well, that we had starting seeing a significant impact there, mostly coming from the IRA impact—Inflation Reduction impact on Medicare Part D and some of the changes to what is effectively—what used to be called the donut hole, but coverage there and reimbursement that pharmaceutical companies have to make, that has turned out to be worse than we had anticipated.

Now, we are seeing a little bit of stabilization offset there with regards to the volume, but the impact of the reimbursement is here to stay, as we noted in the prepared remarks.

Prashant Kamath — Analyst, National Bank Financial

Got it, thank you. Just one more from me. Orserdu is firing on all cylinders, can you give us some colour on what's driving the success there?

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

Several things. There is a continued increase in volumes in the U.S. Some folks had been thinking that volume there had flattened out; we're not seeing that—that is actually continuing to grow there. Then ex-U.S., the launch has been extremely robust. They have achieved reimbursement in several countries and launches in several countries faster than they anticipated. Broadly speaking, these are one landscape—the size of the market was bigger than we had initially anticipated.

Prashant Kamath — Analyst, National Bank Financial

That's good colour. Thank you for the clarity. I'll turn it over. Thanks.

Operator

There are no further questions at this time. I will now turn the call over to Gary Collins for closing remarks.

Gary Collins — Executive Chair, DRI Healthcare Trust

Thank you, everyone, for joining us today. We look forward to discussing our Q3 results with you all in November. Thank you again for your continued commitment to DRI Healthcare.

Operator

Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines.