DRI Healthcare Trust

Third Quarter 2025 Earnings Call

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CORPORATE PARTICIPANTS

Ali Hedayat
DRI Healthcare Trust — Chief Executive Officer

Navin Jacob
DRI Healthcare Trust — Chief Investment Officer

Zahid Mawani
DRI Healthcare Trust — Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

Michael Freeman
Raymond James — Analyst

Erin Kyle
CIBC World Markets — Analyst

Doug Miehm
RBC — Analyst

Tania Armstrong
Canaccord Genuity — Analyst

Zachary Evershed
National Capital Bank — Analyst

Justin Keywood
Stiefel— Analyst

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the DRI Healthcare Q3 2025 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 Harbour provisions of Canadian provincial securities laws. Forward-looking statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements.

For additional information about factors that may cause actual results to differ material 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 the 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 may speak only as of the date made.

Today's presentation also referenced non-GAAP measures. The definitions of these measures and reconciliations to measures recognized under IFRS are included in our earnings press release, as well as in 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. DRI's quarterly press results release and the slides of today's call will be available on the Investor page of the Company's website at DRIHealthcare.com.

Following the presentation, we will conduct a question-and-answer session. If at any time during the call you require immediate assistance, please press star, zero for an operator. This call is being recorded on Thursday, November 6, 2025.

I would now like to turn the conference over to Ali Hedayat. Please go ahead.

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

Thank you, Operator, and good morning everyone and thank you for taking the time to join us today.

With me are Navin Jacob, Chief Investment Officer, and Zaheed Mawani, Chief Financial Officer. I will begin the call by providing an overview of our operating highlights. Navin will then discuss our portfolio assets with an update on the market outlook and provide more insights on our recently announced acquisition of the Veligrotug and VRDN-003 royalties. Finally, Zaheed will discuss our key financial highlights before moving on to Q&A.

We are pleased with our third quarter results, which reflect the continued strength and resilience of our portfolio, solid execution across our business and the early benefits of our transition to an internalized structure. The third quarter represented our first full quarter operating as an internalized

company. I am pleased with the performance in the quarter as we delivered strong performance across all our key financial metrics.

Our portfolio delivered double-digit cash receipt growth led by the Orserdu, Xolair and Rydapt franchises, partially offset by lower Omidria performance and the persisting headwinds from Vonjo. Given the continued underperformance of Vonjo relative to our forecast, we have taken the appropriate steps and have booked an impairment to reflect our new expectations for the asset's performance. We expect Vonjo to continue to grow off current levels, both in units and in revenue, but net pricing trends have impacted our forecast relative to our underwriting, which is reflected in our fair value adjustment.

While this is disappointing to us, I want to highlight that the revenues to date for Vonjo plus our expected future receipts remain in excess of our original cost, a fact that speaks to our conservatism in underwriting and the intrinsically attractive risk characteristics of our asset class.

In addition to strong cash receipt performance, we delivered solid operating margin performance with Adjusted EBITDA of $36.7 million, or 17 percent growth over the same period last year.

When we embarked on the internalization process, we outlined our view that the management company costs that we were bringing on to the income statement would roughly offset the management fees at the current scale of the business and leave margins at the same level as they had been in the past. I'm happy to say we have demonstrated that in our first quarter as an internalized entity with Adjusted EBITDA margins of 84 percent. With this achieved, the road to higher operating leverage as the business grows should be fairly evident.

As we continue to optimize our internal platform, you should expect our cost to come down a bit further in the near-term, after which we will start reinvesting in growth to position the trust for long-term value creation, both on the top line and in our margin structure.

The quarter also marked an exciting milestone with the approval of Ekterly on July 7, for which we have begun earning royalties on a one-quarter lag. With the approval, KalVista exercised its option to receive a onetime $22 million payment, which increased our royalty rate on the first year of sales and also increases the sales-based milestone amount.

Ekterly represents a meaningful long-duration asset for DRI with expected cash receipts extending through at least 2041. It's an excellent example of our ability to structure creative and mutually beneficial transactions that deliver long-term value for unitholders and our partners. Navin will provide more detail on our asset performance shortly.

Turning now to our latest royalty transaction, on October 20, we were pleased to announce a transaction with Viridian Therapeutics to acquire synthetic royalty streams on a pair of very promising treatments for thyroid eye disease, Veligrotug and VRDN-003. We acquired the royalties for an upfront fee of $55 million, and our total investment is expected to be up to $300 million.

Veligrotug has been granted a Breakthrough Therapy Designation from the FDA, and we believe the product will be approved and come to market in the second half of next year.

VRDN-003 has a pair of ongoing Phase 3 clinical trials for the same condition with the top line results expected in the first half of 2026.

Together, these therapies represent meaningful progress in treating a disease that affects about 300,000 people in the United States and has a current market size of about $2 billion.

I would like to take a moment to lay out the strategic and financial fundamentals of this deal and why it is a very attractive and accretive addition to our portfolio.

First and foremost, we believe these therapies, once approved, will provide a meaningful improvement in the quality of life for those affected with the condition. This is core to our mission, and we are pleased to enter into a strategic partnership with Viridian to bring these innovative therapies to market.

Second, this transaction illustrates our competitive niche and our ability to structure innovative deal structures to meet the bespoke needs of the counterparty while also providing us with a strong risk-adjusted return profile, meaningful upside optionality, and attractive capital efficiency characteristics. Investing in pre-approval drugs inherently carries some level of risk due to the potential for clinical trial failure. While our extensive diligence leaves us with a high confidence in the approval of both therapies, we've approached this transaction with a structure that gives us a lot of downside protection around those approval risks and is in keeping with our overall enterprise risk framework. Navin will share more on the royalty tier structure shortly.

In addition to closing the transaction, we took further steps to optimize our capital structure during the quarter. We continue to execute on our normal course issuer bid and acquired and cancelled about 394,000 units, bringing our total for the first nine months of the year to roughly 1.35 million units. In addition, we amended our credit lines to allow greater flexibility and to unlock the remaining gap between

our effective capacity and the headline size of the overall facility. We are well-positioned to capitalize on the opportunity ahead of us and to continue to drive value for unitholders.

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 7 shows the individual royalty receipts for the third quarter of 2025 compared to Q3 of last year and the previous quarter. To summarize, Orserdu continues to experience strong growth in the U.S. and internationally. Orserdu royalty receipts were up 51 percent year-over-year at $16.9 million versus $11.2 million in Q3 2024, driven by sales growth and the removal of certain deductions in Orserdu II, where we are now experiencing a higher royalty rate on a go-forward basis.

We continue to monitor the ongoing clinical trials of Orserdu in early breast cancer indications as well as in the metastatic setting in combination with other therapies. These trials, if positive, could potentially expand Orserdu's label, which would represent upside to our acquisition forecast.

Offsetting Orserdu strength were our Omidria royalty receipts, which decreased 13 percent from the previous year as a result of continued impact from the Merit-based Incentive Payment Systems program, or MIPS. Omidria royalties are received with a 60-day lag and thus Q3 2025 receipts reflect sales from May 2025 to July 2025. As mentioned previously, we are now observing stabilization in demand as

physicians refine their usage patterns to avoid potential penalties tied to overutilization. We continue to anticipate a gradual recovery in Omidria sales heading into 2026.

Turning to Vonjo, royalty receipts for the quarter decreased 5 percent compared to the previous year due mainly to changes in U.S. reimbursement impacting gross to net adjustments with the IRA impact to Part D Medicare discounts that came into effect in 2025, as previously discussed.

During the quarter, we recorded an impairment to our Vonjo royalty asset in the amount of $13.7 million, which was consistent with Sobi's decision to write down its Vonjo rights. Our impairment reflects negative competitive pressures in the U.S. myelofibrosis market and increased Part D discounts relating to the Inflation Reduction Act. Our adjustment aligns with Sobi's revised outlook. We remain encouraged by Sobi's ongoing lifecycle management efforts, including the Phase 3 PACIFICA study expected to read-out in 2027.

KalVista’s Ekterly received approval in July, and while the first cash flows won't be received until the fourth quarter, leading indicators are suggesting a launch that is ahead of our acquisition forecast.

It is important to note that by design, our portfolio of royalties is diversified across a broad range of therapeutic areas and mechanisms, which helps mitigate the impact of challenges in any single asset. This diversification supports the stability of our cash flows and enables us to continue deploying capital with limited exposure to any one investment.

Turning to Slide 8 and our recent acquisition of a synthetic royalty in both veligrotug and VRDN-003, we are thrilled with the opportunity to make this investment in the franchise and partner with the

team at Viridian. Our deep research expertise supports our conviction that these products have the potential to be a treatment of choice for patients living with thyroid eye disease or TED.

TED is a serious rare autoimmune disease that causes ocular inflammation and results in bulging of the eyes, redness, swelling, pain, double vision and can even be vision-threatening. In the United States, between 15,000 to 20,000 patients are newly diagnosed each year. In 2024, the TED market was approximately $2 billion with only a single approved product currently on the market. We expect the TED market to grow to over $3 billion and the Viridian products to capture a meaningful share of the total market.

Once approved, veligrotug will be the second approved biologic treatment for TED in the marketplace. It has the potential to improve patients' quality of life by requiring fewer doses and significantly less time for a full course of treatment. Veligrotug has met all primary and key secondary endpoints in its Phase 3 trials. This week, Viridian announced that it has submitted the Biologic License Application, or BLA, for veligrotug to the FDA. Veligrotug has been granted FDA Breakthrough Therapy Designation, which may accelerate the review process. Pending approval, we are optimistic for a potential U.S. launch in 2026.

VRDN-003 is a monoclonal antibody very similar to veligrotug, but with some modifications to its sequence that can provide novel convenience benefits such as self-administration via low-volume subcutaneous auto-injector. VRDN-003 is being studied in active and chronic TED in two Phase 3 trials, which are anticipated to read-out top line results in the first half of 2026. Subject to positive outcomes and subsequent regulatory review, Viridian plans to submit a Biologic License Application by the end of

2026. Under the terms of the agreement, Viridian is entitled to receive up to $270 million of committed capital, which included an upfront payment of $55 million, followed by a series of stage-gate milestone payments. In the near term, upon achievement of such conditional milestones, DRI would fund an additional $115 million. The balance of the funding, specifically $100 million, is tied to longer-term milestones coupled with a $30 million funding opportunity to invest in future partnership opportunities as mutually agreed.

We have a tiered royalty agreement, which applies equally on annual U.S. net sales of both veligrotug and VRDN-003. We're entitled to 7.5 percent of net sales up to $600 million, an incremental 0.8 percent on sales above $600 million to $900 million, and a further incremental 0.25 percent on sales above $900 million up to $2 billion. We have a soft cap at $2 billion, above which we did not receive any royalties. Following the first commercial sale of veligrotug in the U.S., we will collect royalty receipts quarterly with a one-quarter lag.

During the third quarter of 2025, we tracked at least six royalty transactions totalling approximately $1.7 billion in aggregate value. In the same period, there were more than 40 equity financings completed by biopharma companies across the United States and Europe, raising roughly $6.6 billion. Year-to-date, we have tracked $5.5 billion in royalty transactions across more than 20 deals. This level of activity underscores the strength and breadth of the opportunity set in our market. There is no shortage of investment opportunities. If anything, the pipeline of royalty opportunities continues to expand.

What constrains our activity is not deal flow, but our extremely disciplined investment framework, which protected us in a highly uncertain macroeconomic and policy environment in the first half of 2025. As we saw greater clarity in the second half of 2025, our investment framework allowed us to actively pursue the Viridian transaction.

In summary, we deliberately pursue a small number of transactions each year, focusing on the ones that meet our highest standards in terms of asset quality and risk-adjusted return potential. We believe that maintaining the selectivity is essential to generating durable value for unitholders, managing portfolio risk and preserving capital for the most compelling opportunities when they arise.

I will now turn the call over to our CFO, Zaheed Mawani.

Zahid Mawani — Chief Financial Officer, DRI Healthcare Trust

Thank you, Navin. We are pleased with our financial performance for the third quarter.

We recorded $43.6 million in total cash receipts, a 12 percent increase over the same quarter last year.

We recorded $48.7 million in total income, a 17 percent increase over the same period last year.

Adjusted EBITDA was $36.7 million, a 17 percent increase year-over-year with our Adjusted EBITDA margin for the quarter at 84 percent.

Adjusted cash earnings per unit in the quarter were $0.55. For the quarter, we also declared cash distributions of $0.10 per unit.

We continue to generate strong cash flow from our assets. Over the last 12 months ending September 30, 2025, we recorded royalty income of $192.7 million, plus the change in the fair value of financial royalty assets, the unrealized gain on marketable securities and other interest income for a total income of $198.4 million. After adjusting for receivables, the unrealized gain on marketable securities and the net change in the financial royalty asset, we achieved normalized total cash receipts of $190.4 million.

Our operating expenses, management fees and performance fees totalled $34.7 million, net of performance fees payable, resulting in an Adjusted EBITDA of $155.7 million and an Adjusted EBITDA margin of 82 percent.

We also generated adjusted cash earnings per unit of $2.25.

As of September 30, we had $35.6 million of cash and cash equivalents. We also had $52.9 million of royalties receivable and $265.4 million of credit availability from our bank syndicate.

Subsequent to the quarter end, and as of October 17, 2025, the remaining credit available was $222 million, which reflects the $50 million drawn to partially fund the upfront payment of $55 million in connection with the Viridian transaction. Our capital capacity positions us well to fund the near-term potential Viridian milestone payments in addition to retaining financial flexibility to fund new deals.

We continue to be 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. This includes continuing to allocate capital to repurchase and retire units through our share

buyback program, further reinforcing our commitment to optimizing capital structure and returning value to unitholders.

As of September 30, we acquired and cancelled over 4.5 million units through our NCIB programs. We will continue to retain discretion in making purchases under the NCIB, if any, and in determining the timing, amount and acceptable price of such purchases subject at all times to applicable TSX and other regulatory requirements. All units purchased by DRI under the NCIB will be cancelled.

Finally, post internalization we will deliberately but thoughtfully seek opportunities to deliver cost efficiencies to contribute to our drive for profitable growth and are pacing well against our expectations on this front.

With that, let's open the call for questions.

Operator

And with that, I will remind you, if you would like to ask a question, please press star followed by one on your touch-tone phone. You will hear a prompt that your hand has been raised. And should you wish to remove your hand from the queue, please press star followed by two. If you are using a speakerphone, please lift the handset before pressing any keys. Just a moment for our first question.

Our first question comes from Michael Freeman with Raymond James. Please go ahead.

Michael Freeman — Analyst, Raymond James

Hey, good morning, Ali, Navin, and Zahid. Congrats on these results. My first question is on the Viridian transaction and the TED franchise. I wonder how sensitive your assumptions on these assets providing future cash flows to you, how sensitive your assumptions are on the approval of both assets. So, say, veligrotug gets its approval and then we find that VRDN-003 does not, for whatever reason. I wonder if you could just describe the sensitivity of your assumptions to that.

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

Yes, this is Navin. Can you hear me okay?

Michael Freeman — Analyst, Raymond James

Sure can.

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

Okay, great. Thanks for the question, Michael. So, the way we structured this deal, which was very interesting for us and why we did it is that regardless of whether one asset or both assets are approved, it will be quite positive for unitholders. Quite frankly, if 003 is not approved, there is potential upside to our returns, and as such that was part of the reason why we felt compelled to construct this deal with Viridian.

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

And Michael, just to give a little bit more colour on that—it's Ali. I think the right way to look at that is if the whole package of assets are approved, we'll have a certain return on a bigger amount of

dollars deployed, and if 003 is not approved, we'll arguably have a higher return, but on less dollars deployed. Something to that effect.

Michael Freeman — Analyst, Raymond James

Okay. All right. That's helpful. And I wonder if you could describe—you described the landscape of currently approved assets to treat TED with one approved product. What could you tell us about the pipeline headed toward the TED landscape?

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

Yes. Great question. In fact, there was—so Amgen obviously has TEPEZZA on the market, which is annualizing at roughly $2 billion. They announced their results just last night or two days ago, continues to be annualizing at roughly $2 billion. They just launched Europe, which is interesting. But with regards to other mechanisms of action or other pipeline assets, Roche actually recently presented on their IL-6 a couple of days before we completed our transaction. That data looked subpar, substantially subpar to the anti-FGR1 receptor antagonist that we own in the form of the liquid target VRDN-003. Both on the primary endpoint and on secondary endpoints, the IL-6 was significantly worse. In fact, one of the Phase 3 trials that Roche presented technically did not hit statistical significance, so there are some questions as to whether it will get approved. We actually had included quite a bit of market share for that asset in our forecast, so let's see how it plays out. If it does not launch, there is potential upside to our acquisition forecast.

With regards to other mechanisms, there is a fair amount of competition coming. There are anti-FcRn products that are coming, a couple of other IL-6s. However, given the weak data from Roche as well as some clinician investigators-initiated studies that were conducted for other IL-6s, we're not particularly concerned about the IL-6 class. But despite that, we have included significant market share in our assumptions for future anti-IL-6s and/or FcRn assets.

Michael Freeman — Analyst, Raymond James

Okay, that's a really helpful colour. I think that's it for me. I'll pass the line here.

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

Thank you.

Operator

Your next question comes from Erin Kyle with CIBC. Please go ahead.

Erin Kyle — Analyst, CIBC

Hi, good morning, and thanks for taking my questions. I wanted to first ask on Orserdu and maybe if you can just elaborate how we should be thinking about those sales into 2026 with Eli Lilly competing drug receiving FDA approval in September? And then can you just remind us of, again, the competitive landscape there and if there are other competing drugs that will likely enter the market in the next year or so. I believe AstraZeneca and potentially Roche were also running trials for an oral SERD.

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

Thanks very much for the question, Erin. So, with regards to Lilly's imlunestrant, I think the brand name is Inluriyo, it is only approved as a monotherapy for second-line HER2-negative HR-positive ESR1 mutant breast cancer patients, which is the same indication as Orserdu. This is in line with our expectations, but there had been some expectations from others that it would get a broader label because of some of the combination studies that it ran. When that data came out, we felt strongly that it was unlikely to get that and it did not. That's well within our expectations.

From everything we see, Imlunestrant is at best, at best similar to Orserdu. There is a small argument to be made that it is worse than Orserdu.

Having said that, it is Lilly and they're a strong marketer. We're not gun shy on that fact. But with that said, Orserdu has a 2-year, 2.5-year head start, which is very important in this landscape. And given the undifferentiated profile of Imlunestrant, we're not overly concerned with that. We have that built into our acquisition forecast.

The other asset that has been positive is Roche's giredestrant, another oral SERD that will compete against Orserdu, and had data from the evERA trial. That Phase 3 trial was in combination with an older drug called Afinitor, so giredestrant plus Afinitor versus the standard of care plus Afinitor.

It's a very interesting study. Admittedly, the data did look good, and it did look good in both all-comers and ESR1 patients. With that said, when I say it looked good, it's the PFS data, it's not the OS data, but nonetheless, it looked good. However, Afinitor is a very old drug and it's not really used frequently in

second-line breast cancer, especially not for all-comers because you have the CDK4/6 drugs that are used there. Furthermore, Orserdu is also testing this Afinitor combination. They're testing, or rather Menarini is testing this combination of Orserdu plus Afinitor in a Phase 2/3 study, and so even if that combination starts taking over some market share, we do have some protection in the fact that very likely the Orserdu plus Afinitor study will also be positive because on a monotherapy basis we don't see much differentiation between giredestrant and Orserdu.

Erin Kyle — Analyst, CIBC

Okay, thank you. That's a really helpful colour there. Then I just wanted to ask on the portfolio weighting. So based on our math, after the veligrotug transaction, we see our portfolio is now weighted a little over 20% to preapproval, which is, I think, a bit above the 15% weighting target we've discussed in the past. So just in terms of appetite for another preapproval deal or what that looks like, should we expect you to defer on any preapproval deals until veligrotug is approved? Or how are you thinking about that?

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

Yes, Erin, I think the kind of adding in the gross value of veligrotug, including all the milestones, is probably the wrong way to do that weighting in the sense that the upfront payment is preapproval risk, but obviously the larger payments are sequenced primarily on approval, right? So almost by definition, when we are making those larger payments, it's an approved drug, not a preapproval drug. So, in our math, I would say the weighting of genuine preapproval risk right now is the $55 million upfront over our net book value of assets and it's a sort of mid-single-digit number.

Erin Kyle — Analyst, CIBC

Okay. Thank you. I'll pass …

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

And in terms of, I think, broader approach to preapproval, we've been doing a lot of work on a risk framework essentially to really categorize and systematize our approach to preapproval. We are comfortable with exposure in that space, both because of the return characteristics, because of the fact that it sort of anchors at higher returns, ultimately on the back-end approval deals, approved deals, if it's structured correctly, and it sort of gives us duration and various other favourable boost to the portfolio. I think we're well progressed on framing that, and I think we feel pretty good about the framework that we have in place. So, you should expect us to continue to be active in the space. I don't think it will go significantly above the parameters that we talked about before, but it's not something we're backing down from either.

Erin Kyle — Analyst, CIBC

Thank you. That's it for me.

Operator

Your next question comes from Doug Miehm with RBC. Please go ahead.

Doug Miehm — Analyst, RBC

Good morning. First question just has to do again with these, I wouldn't call them new type of approach to the marketplace, but one where you're definitely going to have competitive advantage in terms of preapproval products.

I guess my question is, in your conversations with investors and owners of the shares over the last 6 to 12 months since you've, let's say, started this approach, how would you say that those conversations have gone? Are people comfortable with these types of deals that you're putting in place? Are they starting to recognize that given the duration, the quality of the assets, they're going to be okay with this approach? I'm just trying to get in their heads.

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

Doug, thanks for the question. I think there's a couple of ways to look at the direction of travel of the business.

I think broadly speaking, we have been focused on maintaining high risk-adjusted returns and I think to use a very broad word, what has become evident over the past 18, 24 months is that if you're targeting a point on the graph of risk-adjusted returns, the complexity under that has gone up. And you can define complexity in many different ways. You can define it as the structure of the transaction. You can define it as more synthetics versus traditional. You can define it as preapproval. But I would say the mix of all of those things is probably higher for a given return than it was two or three years ago and I think that is really what we are communicating to our investors.

We are not saying it's all sales out for solely preapproval or all sales out for solely synthetic or super complex deals. But in general, to sort of achieve the great risk-adjusted returns the team is achieving, we find that we're being much more competitive when we're taking on situations that are complex, that require a lot of structuring, that may have aspects of preapproval, that may be synthetic. We've been very transparent about that. I think our investor base is receptive and understands that.

But when you look for a reason as to why the business has a competitive niche in what is a sector where many of our competitors are larger and better resourced, I think it is exactly our ability to execute on transactions like the Viridian one, where we have structured it in a way that is extremely well thought out, where we have taken synthetic risk, where we have managed in I think a very clever way the pre-approval aspects of the transaction. So, we have to outrun other people by doing a better job of those things and I feel we're demonstrating that we can do it.

Doug Miehm — Analyst, RBC

Yes, I agree. Okay, great. I just have a follow-up housekeeping item here. So, when you think about the royalty receipts that were generated by Orserdu this quarter relative to the income that was recognized in Q2, it was lower and I know there can be true-ups and that sort of thing. But I am curious, are we starting to see evidence of the marketplace pointing towards other products now that they're approved? Or was this simply a case of true-ups from quarter-to-quarter?

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

Doug, one thing to keep in mind here is obviously the dynamic between our cash receipts and our recognized revenues, right? And I think you will see the impact of some of the Orserdu outperformance in the coming quarter in the sense that we've basically accrued that revenue into the receivables, but not put it through the top line yet, which is our traditional accounting. So, on our adjusted cash receipts, Adjusted EBITDA, you are not seeing the impact of the performance of the drug right now.

Doug Miehm — Analyst, RBC

Perfect. Okay. Thank you.

Operator

Your next question comes from Tania Armstrong with Canaccord Genuity. Please go ahead.

Tania Armstrong — Analyst, Canaccord Genuity

Hi. Good morning, guys. Congrats on a nice quarter. A couple for me. First, on the Viridian assets. I'm wondering if you have any insight into how Viridian might price those in the U.S. I know one of the big pushbacks against TEPEZZA is pricing, which is why it hasn't performed well in other international markets. Maybe just following along that line of thinking, if you can also comment on why you decided to pursue just the U.S. rights and not other international markets.

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

I think you answered the question yourself, Tania. It's a very thoughtful question. That's exactly why we only pursue the U.S. Just given the pricing power that we have here in the U.S., it was our expectation is that it's priced in line with TEPEZZA.

Tania Armstrong — Analyst, Canaccord Genuity

Okay, perfect. Then on your total income CAGR, I know you've previously given out guidance, but as I think the last update was kind of a mid- to high single digit through 2030. with these new potential assets in your—I guess however you're baking in that risk adjustment, where do you anticipate that CAGR being?

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

We're going to update that guidance in the fourth quarter. You know, I would say this is probably a fair statement that we're feeling pretty good about that, just given layering on of these new assets and the performance of the back book.

Tania Armstrong — Analyst, Canaccord Genuity

Okay, perfect. Then lastly, we did see a bit of a tax recovery come this quarter. I'm just wondering if we should be modelling any kind of tax impact going forward now that the internalization is complete.

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

Zahid, you take that one.

Zahid Mawani — Chief Financial Officer, DRI Healthcare Trust

No problem, Tania. No, I think at this point, just given it was relatively material over there, Tania, I wouldn't sort of guide you to start putting that into your forecast. But as we know more through the internalization, if there's going to be another sort of provision that we need to make and more regularly, then we'll update you accordingly for your models.

Tania Armstrong — Analyst, Canaccord Genuity

Okay. Perfect. That's all from me. Thank you, guys.

Operator

Your next question comes from Zachary Evershed with National Capital Bank. Please go ahead.

Zachary Evershed — Analyst, National Capital Bank

Morning, everyone. Congrats on the quarter.

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

Thank you.

Zachary Evershed — Analyst, National Capital Bank

Just another one on the internalization process here. With this being the first quarter, would you be able to give us an idea of what normalized OPEX might look like, including the cost reductions you mentioned at the top of the call?

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

Yes, Zach, I'd point you to a couple of things. So, I think it's Page 18 or 19 of the MD&A. We have a walk-through of what we would consider sort of one-offs related to the quarter. I think it sums up to about $1.1 million. That's really comprised of some severance and a few other bits and pieces, a transitional service agreement with our prior manager to deal with some issues that they were handling for us, and we have at this point internalized into our operations as well as some tail end of costs related to the internalization advisory work itself. All of that is going to sort of fall out sequentially.

I would say we're also, as a result of our restructuring efforts, running at a lower run rate of overhead costs in the fourth quarter, both in terms of our headcount and in terms of our office lease. Unfortunately, our beautiful office on the top floor of First Canadian is going to fall prey to our optimization efforts, and we're moving into a new space, which we're excited about, and it's going to be great for the team, but it's also much more economic. So, I think as we go into the fourth quarter, you'll see sort of all of that fall through to costs.

What I do want to caution you on is that it's probably the low point of our cost in the sense that our intention is to reinvest some of that back into growth and hires on the investment team and elsewhere in the organization. So, I wouldn't sort of run-rate where we're going to come out at the end of the fourth

quarter or the first quarter as our cost base. But I do think it's going to be overall a better mix of margins than we originally anticipated when we internalized and certainly, that will scale as the business scales.

Zachary Evershed — Analyst, National Capital Bank

That's really good colour. Thank you. And on your Vonjo outlook, you aligned with Sobi's. What kind of hit to pricing or change in competitive environment do you think there would need to be to generate an impairment on Vonjo I?

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

Yes, we feel very strong. We feel pretty good about that Vonjo I acquisition and the forecast associated with that. I can never say never about any asset, but we feel pretty confident about where that forecast stands right now for Vonjo I.

Zachary Evershed — Analyst, National Capital Bank

Fair enough. Thank you very much. I'll turn it over.

Operator

Your next question comes from Justin Keywood with Stifel. Please go ahead.

Justin Keywood — Analyst, Stifel

Good morning. Nice to see the results. Does the FDA move to accelerate biosimilar development impact your view of future opportunities, or perhaps are there any points of risk within the portfolio? Maybe not today, but, you know, in the medium or longer term.

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

No. Very frank and very simply, most of our terms expire when the key patent that we believe is the strongest. When that patent expires—most terms expire at that standpoint, at that time point, and so, we don't rely on sort of the post-LOE tail to fund any of our acquisitions. That is not part of our assumptions.

Having said that, one or two assets may go past the LOE and that's pure upside, but that's not a driver for us.

Justin Keywood — Analyst, Stiefel

Okay. Thank you. That's helpful. Then on the Viridian transaction, there was subsequently a financial raise and the pro forma cash balance is very healthy for that company, almost at $900 million, so this was subsequent to the royalty transaction. Does that impact the way you're looking at the outlook for the asset given the healthier cash balance to go to market?

Navin Jacob — Chief Investment Officer, DRI Healthcare Trust

No, that's an excellent question. There's two positive impacts from that. Number one, well, three—I could argue three. The first is it just creates a much healthier company, right? Viridian, as an entity, is

much healthier and that reduces any tail-end risk that we may have, or sort of second standard deviation, third standard deviation risk we have around the credit risk of Viridian. So, now they're a super healthy company. That's number one.

Number two, from the perspective of having a well-funded launch, Viridian is extremely well-funded now and ready to go. We know that team. They're an excellent management team, very good executors, and aggressive. So, we're excited to see what they're able to do with the cash that they have raised, and we're happy for them. That will allow for a well-funded launch.

And then the third is I think that—and this is a little bit more intangible, but our royalty deal allowed them to conduct that equity deal, and so to the extent that other companies see that, that's a good thing for our pipeline.

Justin Keywood — Analyst, Stiefel

Very interesting. Thank you for taking my questions.

Operator

There are no further questions at this time. I'll turn the call back over to Ali Hedayat.

Ali Hedayat — Chief Executive Officer, DRI Healthcare Trust

Thank you, Operator. Thank you all for joining us today and thank you to the DRI team for an enormous effort in bringing these great results to fruition here. We look forward to discussing our Q4 and full-year results with you next March, and thank you for your continued commitment to DRI.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.