



DRI HEALTHCARE TRUST

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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Independent Auditor's Report

To the Unitholders and the Board of Trustees of
DRI Healthcare Trust

Opinion

We have audited the consolidated financial statements of DRI Healthcare Trust (the "Trust"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of net earnings (loss) and comprehensive earnings (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Intangible Royalty Assets – refer to Note 7 to the financial statements

Key Audit Matter Description

The Trust reviews intangible royalty assets for indicators of impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an intangible royalty asset may not be recoverable. When an impairment indicator is identified the Trust determines the recoverable amount and compares it to the carrying value of the intangible royalty asset. Recoverable amount is determined using a discounted cash flow model which requires management to make estimates and assumptions related to forecasted cash flows for the duration of the royalty entitlement and a selection of discount rates. The Trust assessed internal and external factors and identified indicators of impairment related to Vonjo II and Omidria and an impairment loss was recorded for both.

Auditing the Trust's assessment of whether an indicator of impairment existed in intangible royalty assets required increased auditor attention due to judgments made by management when determining whether events or changes in circumstances could have indicated a potential impairment. While there are many estimates and assumptions made by management to estimate the recoverable amounts of Vonjo II and Omidria, the estimates and assumptions with increased subjectivity are forecasted sales for the durations of the royalty entitlement and the selection of discount rates. Auditing the impairment indicator assessment and the significant assumptions used to determine the recoverable amounts of Vonjo II and Omidria required a high degree of auditor judgment and an increased extent of audit effort, which included the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the assessment of whether an indicator of impairment existed in intangible royalty assets included the following, among others:

- Evaluated management's assessment of internal or external factors that could have indicated a potential impairment:
 - o Evaluated management's ability to accurately forecast sales of intangible royalty assets by comparing actual results to management's historical forecasts.
 - o With the involvement of fair value specialists:
 - o For the acquisition of new intangible royalty assets or reforecasting of existing intangible royalty assets: agreed the Trust's royalty percentage to royalty agreements and compared forecasted sales to independent analyst reports.
 - o Assessed whether the discount rates used in calculating the value of intangible royalty assets used in forecast models were appropriate.
 - o With involvement of a pharmaceutical industry analyst, obtained external research on individual drugs and considered any impact to management's sales forecasts of intangible royalty assets.

o Evaluated potential legal considerations, regulatory considerations, and changes in the competitive landscape and other market factors affecting the valuation of intangible royalty assets through inquiries with internal legal counsel and the Chief Investment Officer and through external legal confirmations.

o Compared the market capitalization of the Trust to the total equity to determine if there were any indicators of impairment.

Our audit procedures related to the forecasted sales for the durations of the royalty entitlement and the selection of discount rates to determine the recoverable amounts for Vonjo II and Omidria, included the following, among others:

- Evaluated the forecasted sales for the durations of the royalty entitlement by considering historical sales, analyst reports and industry reports.
- With involvement of fair value specialists, evaluated the discount rates by testing the source information underlying the determination of the discount rates and developing a range of independent estimates and comparing those to the discount rate selected by management.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Bruce Vickers.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
March 3, 2026

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(in thousands of U.S. dollars)</i>		As at December 31, 2025	As at December 31, 2024
Assets			
Cash and cash equivalents		\$ 42,432	\$ 36,502
Royalties receivable		59,708	62,362
Other current assets		983	303
Current assets		103,123	99,167
Intangible royalty assets, net of accumulated amortization	note 7	777,818	823,936
Financial royalty assets	note 17	57,276	57,527
Investment in marketable securities	note 16	3,311	4,235
Other non-current assets		1,291	2
Non-current assets		839,696	885,700
Total assets		\$ 942,819	\$ 984,867
Liabilities			
Accounts payable and accrued liabilities	note 21	\$ 6,240	\$ 4,821
Distributions payable to Unitholders	note 9	5,507	4,786
Performance fees payable	note 21	—	1,665
Current portion of credit facility	note 8	67,088	56,888
Current portion of unit-based compensation liability	note 11	1,704	2,093
Other current liabilities	note 9	5,810	11,616
Current liabilities		86,349	81,869
Credit facility	note 8	308,976	263,865
Preferred securities	note 8	106,875	110,937
Derivative instruments	note 16	1,486	425
Unit-based compensation liability	note 11	199	240
Other non-current liabilities	note 8	354	—
Total liabilities		504,239	457,336
Equity			
Unitholders' capital	note 9	550,235	562,583
Other equity reserves	note 9	(11,200)	(7,910)
Accumulated other comprehensive earnings (loss)	note 16	(1,064)	(425)
Accumulated retained earnings (deficit)		(99,391)	(26,717)
Total equity		438,580	527,531
Total liabilities and equity		\$ 942,819	\$ 984,867

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF NET EARNINGS (LOSS) AND COMPREHENSIVE EARNINGS (LOSS)

<i>(in thousands of U.S. dollars except per Unit data)</i>		Year ended December 31, 2025	Year ended December 31, 2024
Income			
Royalty income	note 7	\$ 188,924	\$ 184,712
Change in fair value of financial royalty assets	note 17	4,749	527
Unrealized gain (loss) on marketable securities	note 16	2,026	(765)
Realized gain (loss) on marketable securities	note 16	1,795	—
Other interest income		1,095	2,273
Total income		198,589	186,747
Expenses			
Amortization of intangible royalty assets	note 7	101,743	102,869
Impairment of intangible royalty assets	note 7	23,365	15,787
Management fees	note 21	6,733	11,397
Performance fees	note 21	533	1,896
Interest expense	note 8	39,695	34,905
Deal investigation and research expenses	note 11	5,206	6,674
Compensation expense	note 12	6,953	470
Unit-based compensation	note 13	3,483	7,679
General and administrative expenses	note 14	1,541	321
Other operating expenses	note 15	12,151	8,714
Total expenses		201,403	190,712
Gain (loss) on debt financing	note 8	(182)	2,176
Other loss	note 2	—	(1,575)
Termination fee	note 21	(48,000)	—
Net earnings (loss) before tax		\$ (50,996)	\$ (3,364)
Income tax recovery		525	—
Net earnings (loss)		\$ (50,471)	\$ (3,364)
Other comprehensive earnings (loss)			
Net unrealized gain (loss) on derivative instruments	note 16	(639)	664
Comprehensive earnings (loss)		\$ (51,110)	\$ (2,700)
Net earnings (loss) per Unit			
Basic	note 10	\$ (0.91)	\$ (0.06)
Diluted	note 10	\$ (0.91)	\$ (0.06)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(in thousands of U.S. dollars)</i>		Unitholders' Capital	Other Equity Reserves	Accumulated Other Comprehensive Earnings (Loss)	Accumulated Retained Earnings (Deficit)	Total Equity
Balance – December 31, 2023		\$ 561,503	\$ 2,150	\$ (1,089)	\$ (2,865)	\$ 559,699
Issuance of Units:						
Settlement of vested Restricted Units	note 9	3,663	—	—	—	3,663
Issuance of 2024 Warrants	note 9	—	4,322	—	—	4,322
Redemption of 2023 Warrants	note 9	—	(2,229)	—	—	(2,229)
Warrant issuance costs	note 9	—	(137)	—	—	(137)
Preferred securities and warrants refinancing	note 9	—	(18,212)	—	—	(18,212)
Repurchase and cancellation of Units	note 9	(3,917)	—	—	—	(3,917)
Cash distributions to Unitholders	note 9	—	—	—	(19,154)	(19,154)
Unit distributions to Unitholders	note 9	1,334	—	—	(1,334)	—
Reimbursement from Manager	note 2	—	6,196	—	—	6,196
Other comprehensive earnings (loss)	note 16	—	—	664	—	664
Net earnings (loss)		—	—	—	(3,364)	(3,364)
Balance – December 31, 2024		\$ 562,583	\$ (7,910)	\$ (425)	\$ (26,717)	\$ 527,531
Issuance of Units:						
Settlement of vested Restricted and Deferred Units	note 9	2,128	—	—	—	2,128
Repurchase and cancellation of Units	note 9	(14,231)	—	—	—	(14,231)
Excise tax on Unit repurchases	note 9	(245)	—	—	—	(245)
Reserve for Units subject to automated purchase plan	note 9	—	(3,290)	—	—	(3,290)
Cash distributions to Unitholders	note 9	—	—	—	(22,203)	(22,203)
Other comprehensive earnings (loss)	note 16	—	—	(639)	—	(639)
Net earnings (loss)		—	—	—	(50,471)	(50,471)
Balance – December 31, 2025		\$ 550,235	\$ (11,200)	\$ (1,064)	\$ (99,391)	\$ 438,580

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands of U.S. dollars)</i>		Year ended December 31, 2025	Year ended December 31, 2024
Operating Activities			
Net earnings (loss)		\$ (50,471)	\$ (3,364)
Adjustment for non-cash items:			
Interest expense	note 8	39,695	34,905
Amortization of intangible royalty assets	note 7	101,743	102,869
Impairment of intangible royalty assets	note 7	23,365	15,787
Depreciation of fixed assets and other intangible assets	note 14	223	—
Change in fair value of financial royalty assets	note 17	(4,749)	(527)
Unit-based compensation expense	note 11	3,483	7,679
Loss (gain) on debt refinancing	note 8	182	(2,176)
Unrealized loss (gain) on marketable securities	note 16	(2,026)	765
Realized loss (gain) on marketable securities	note 16	(1,795)	—
		109,650	155,938
Changes in non-cash working capital:			
Royalties receivable		2,655	5,279
Other current assets		(680)	69
Other non-current assets		(522)	1,563
Accounts payable and accrued liabilities		(743)	(3,559)
Performance fees payable	note 21	(1,665)	(4,253)
Other current liabilities		904	375
Other non-current liabilities		354	—
		303	(526)
Cash provided by operating activities		\$ 109,953	\$ 155,412
Financing Activities			
Repurchase and cancellation of Units	note 9	(14,231)	(3,917)
Distributions to Unitholders paid in cash	note 9	(21,482)	(33,598)
Drawings from credit facility	note 8	117,000	242,000
Repayment of credit facility	note 8	(60,112)	(66,159)
Cash interest paid, net	note 8	(33,188)	(30,922)
Debt issuance costs paid	note 8	(2,277)	(1,628)
Issuance of preferred securities and warrants	notes 8, 9	—	20,441
Partial redemption of 2024 Preferred Securities	note 8	(9,500)	—
Redemption of 2023 Warrants	notes 8, 9	—	(20,441)
Preferred securities and warrants issuance costs paid	notes 8, 9	—	(411)
Reimbursement from Manager	note 2	—	6,196
Cash provided by (used in) financing activities		\$ (23,790)	\$ 111,561
Investing Activities			
Purchase of royalty assets and other net assets, net of cash	note 6	\$ (87,000)	\$ (285,250)
Purchase of fixed assets and other intangible assets	note 21	(991)	—
Casgevy license fee	note 6	5,000	—
Purchase of marketable securities	note 6	—	(5,000)
Proceeds from sale of marketable securities	note 16	4,745	—
Cash transaction costs paid	note 6	(1,987)	(3,056)
Cash used in investing activities		\$ (80,233)	\$ (293,306)
Increase (decrease) in cash and cash equivalents		\$ 5,930	\$ (26,333)
Cash and cash equivalents, beginning of year		36,502	62,835
Cash and cash equivalents		\$ 42,432	\$ 36,502

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of U.S. dollars except per unit data)

DRI Healthcare Trust was established as an unincorporated open-ended limited purpose trust under the laws of the Province of Ontario pursuant to a declaration of trust on October 21, 2020, as amended and restated on May 15, 2025. 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. Effective July 1, 2025, DRI Healthcare Trust became a specified investment flow-through (“**SIFT**”) trust for the purposes of the *Income Tax Act* (Canada).

DRI Healthcare Trust was formed to provide Unitholders with differential exposure to the pharmaceutical and biotechnology industries through ownership and acquisitions of pharmaceutical royalties. Persis Capital Inc. (formerly DRI Capital Inc.) (“**former external manager**”) acted as an external manager for the Trust pursuant to the terms of a management agreement. The external manager provided management and other services up to June 30, 2025. On July 1, 2025, DRI Healthcare Trust completed the internalization of its investment management function. In connection with the internalization, DRI Healthcare Trust and the former external manager had entered into a certain termination agreement pursuant to which (i) the management agreement with the former external manager was terminated, effective June 30, 2025; and (ii) the former external manager agreed to indemnify the Trust and its affiliates in respect of, among other things, damages, if any, related to the events described in note 2. To extinguish the former external manager’s management agreement, along with all management and performance fee obligations, DRI Healthcare Trust paid a termination fee of \$48,000. The termination of the former external manager results in the elimination of management and performance fees on a go forward basis.

In addition, in connection with the internalization, DRI Healthcare Trust acquired certain relevant assets of the former external manager for a purchase price of \$1,000. As a result of the transaction contemplated by a certain asset purchase agreement entered into between the Trust and the former external manager, the employees of the former external manager transitioned to a subsidiary of DRI Healthcare Trust.

DRI Healthcare Trust’s 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**”.

The registered address for DRI Healthcare Trust is 100 King Street West, Suite 6200, Toronto, Ontario, M5X 1B8, Canada.

Throughout these statements, “**Trust**”, “**we**”, “**us**” and “**our**” refer to DRI Healthcare Trust and its consolidated subsidiaries.

These annual consolidated financial statements (the “**consolidated financial statements**”) were authorized for issuance by the board of trustees on March 3, 2026.

NOTE 1 | BASIS OF PREPARATION

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”).

(b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, adjusted for the revaluation of certain financial assets and liabilities recorded at fair value through net earnings (loss) as explained in note 3(e).

(c) Basis of Consolidation

These consolidated financial statements represent the accounts of DRI Healthcare Trust and its directly or indirectly owned subsidiaries. Control is achieved when the Trust has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The results of operations of subsidiaries are included in the consolidated financial statements from the date on which the Trust obtains control. All intercompany balances and transactions have been eliminated.

These consolidated financial statements include the accounts of DRI Healthcare Trust and its subsidiaries, as presented below:

Entity	Date of Control	Jurisdiction of Organization	Economic Interest ⁽ⁱ⁾
DRI Healthcare ICAV	February 19, 2021	Ireland	100%
DRI UK LP ⁽ⁱⁱⁱ⁾	July 22, 2025	Delaware, United States	100%
DRI UK LLC ⁽ⁱⁱⁱ⁾	July 22, 2025	Delaware, United States	100%
DRI Healthcare LP	February 19, 2021	Delaware, United States	100%
DRI Healthcare Acquisitions LP	February 19, 2021	Delaware, United States	100%
DRI Healthcare Acquisitions LP 1	February 19, 2021	Delaware, United States	100%
DRI Healthcare LP 2	February 22, 2021	Delaware, United States	100%
Drug Royalty LP 1	February 22, 2021	Delaware, United States	100%
Drug Royalty LP 3	February 22, 2021	Cayman Islands	100%
DRI Capital (US), Inc. ⁽ⁱⁱ⁾	July 1, 2025	Delaware, United States	100%
DRI Healthcare Management Company Inc. ⁽ⁱⁱ⁾	July 1, 2025	Canada	100%
DRC Management III LLC 1	February 19, 2021	Delaware, United States	100%
DRC Management III LLC 2	February 19, 2021	Delaware, United States	100%
DRC Management LLC 2	February 22, 2021	Delaware, United States	100%
DRI Healthcare GP, LLC	February 19, 2021	Delaware, United States	100%
TCD Royalty Sub, LP	September 30, 2021	Delaware, United States	100%

(i) Economic interest can be held directly or indirectly through wholly-owned subsidiaries.

(ii) DRI Capital (US), Inc. and DRI Healthcare Management Company Inc. are wholly-owned subsidiaries controlled directly by DRI Healthcare Trust and provide certain management and administrative services to the Trust.

(iii) DRI UK LLC was established as the general partner of DRI UK LP which holds certain intangible royalty assets in the investment portfolio.

(d) Functional and Presentation Currency

The functional and presentation currency of the Trust is the United States dollar (“**U.S. dollar**”). We present our consolidated financial statements in U.S. dollars. 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. Dollar amounts in the tables and elsewhere in these consolidated financial statements are presented in thousands of U.S. dollars unless otherwise noted.

(e) Comparative information

Certain comparative figures have been adjusted to conform with the current period’s presentation. Amounts previously reported as other operating expenses were reclassified to reflect the new financial statement line items relating to compensation expense and general and administrative expenses, as described in note 12 and note 14.

NOTE 2 | INVESTIGATION

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 the former external manager, 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 the periods from and including fiscal 2021 through June 30, 2024 and totaled \$6,510.

The irregular charges relating to the year ended December 31, 2024 were \$1,889, of which \$1,575 was included in “other loss” on the consolidated statements of net earnings (loss) and comprehensive earnings (loss) and \$314 was included as a related party receivable from the former external manager.

Recovery of other losses

On July 9, 2024 and August 6, 2024, the former external manager reimbursed the Trust a total amount of \$6,510 for the losses associated with the irregular charges, of which \$6,196 was recorded in other equity and \$314 reduced a related-party receivable from the former external manager.

NOTE 3 | MATERIAL ACCOUNTING POLICIES

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within other liabilities in the consolidated statements of financial position.

(b) Royalties Receivable

Royalties receivable are recognized if an amount of unconditional consideration is due from a counterparty. Royalties receivable are recognized initially at fair value and subsequently measured at amortized cost, less loss allowances. The Trust applies the simplified approach for measuring the loss allowance by applying a lifetime expected loss allowance for all royalties receivable. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganization and default in payments are all considered indicators that a loss allowance might be required. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit-impaired.

A credit loss is recorded in net earnings with an offsetting amount recorded as an allowance against royalties receivable on the statement of financial position. When a receivable is deemed permanently uncollectible, the receivable is written off against the allowance account.

(c) Royalty Assets

Royalty assets represent the contractual right to receive, directly or indirectly, a royalty payment, license fee or any other form of compensation or benefit arising from or contingent upon the use of any patent, copyright or any other form of intellectual property or other right relating to pharmaceutical drugs, devices or delivery technologies.

In accordance with IFRS Accounting Standards as issued by the IASB, royalty assets are assessed based on the terms of each royalty arrangement to determine whether they meet the definition of financial or intangible assets. Acquired royalty assets are measured initially at the fair value of the consideration paid. Milestone payments are capitalized as part of the asset's cost when the relevant milestones are achieved and the payments become probable and reliably measurable. Intangible royalty assets are subsequently amortized over the useful life of the asset and are presented net of any impairment. Financial royalty assets are measured in accordance with the accounting policy in note 3(e). Intangible royalty assets and financial royalty assets are collectively referred to as royalty assets.

A royalty asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of a royalty asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in net earnings when the asset is derecognized.

Amortization of intangible royalty assets

Intangible royalty assets with finite lives are amortized over the economic useful life of the asset on a straight-line basis. The expected economic useful life of the asset takes into consideration the contractual terms of the royalty entitlement and reflects the expected pattern of consumption of future economic benefits embodied in the asset. Expected useful life is separately considered for each royalty asset and reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits are considered to modify the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Impairment of intangible royalty assets

The Trust assesses, at the end of each reporting period, whether there are indications that its intangible royalty assets may be impaired. If any such indications exist, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows for the duration of royalty entitlement are discounted to their present value using appropriate discount rates that reflect current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

If the estimated recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in net earnings.

The Trust assesses, at the end of each reporting period, whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such an indication exists, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Impairment reversal is recognized in net earnings.

(d) Recognition and Derecognition of Financial Instruments

Purchases and sales of financial assets are recognized on the trade date, being the date on which the Trust commits to purchase or sell the asset.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or the contractual rights to the cash flows are transferred. Financial liabilities are derecognized when the liability is extinguished through the discharge, cancellation or expiration of the contract.

(e) Financial Instruments

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their cash flows. At initial recognition, all financial assets classified as amortized cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI") are measured at fair value. The Trust classifies its financial assets in the following categories:

- Financial assets at amortized cost: A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL – it is held in a business model whose objective is to hold the asset to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets within this category are subsequently measured at amortized cost using the effective interest rate method. A credit loss is recorded in net earnings with an offsetting amount recorded as an allowance against assets recorded at amortized cost on the statement of financial position. When a receivable is deemed permanently uncollectible, the receivable is written off against the allowance account.

- Financial assets at FVTPL: Financial assets not classified as amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Trust may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These assets are subsequently measured at fair value, with net gains or losses, including any interest or dividend income, recognized through profit or loss. Transaction costs are expensed immediately in net earnings for financial assets recognized at fair value through profit or loss.

Financial liabilities are classified as measured at amortized cost or FVTPL. Once the classification of a financial liability has been determined, reclassification is not permitted.

- Financial liabilities at amortized cost: A financial liability is measured at amortized cost using the effective interest rate method if it is not designated as FVTPL. Interest expense and foreign exchange gains and losses are recognized in profit or loss.
- Financial liabilities at FVTPL: A financial liability is classified as FVTPL if it is a derivative or designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value, and net gains and losses, including any interest expense, are recognized in profit or loss. For financial liabilities classified as FVTPL, changes in credit risk will be recognized in other comprehensive income, with the remainder of changes recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, the entire change in fair value will be recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Trust:

- has a current, legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derivative instruments and hedge accounting

The Trust uses derivative instruments such as interest rate swaps to manage its exposure to interest rate risks arising from operational, financing and investment activities. Derivative financial instruments are used only for economic and hedge accounting purposes and not as speculative instruments.

The Trust designates certain derivatives as cash flow hedges. When hedge accounting is applied, the Trust documents at the inception of the hedging transaction, the relationship between the hedging instrument and hedged item as well as its risk management objective and strategy for undertaking various hedge transactions. The Trust also documents its assessment both at hedge inception and on an ongoing basis, of whether the derivatives that are used for hedging transactions have been and will continue to be highly effective in offsetting changes in fair values and cash flows of hedged items. All gains and losses related to the effective portion of hedges are recorded in other comprehensive earnings, ineffectiveness is recognized immediately in net earnings. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as a hedge or the hedging relationship is terminated. Once discontinued, the cumulative change in fair value of a derivative that was previously recorded in other comprehensive earnings by the application of hedge accounting is recognized in net earnings over the remaining term of the original hedging relationship when the hedged future cash flows are still expected to occur. If the hedged future cash flows are no longer expected to occur, the amount is immediately reclassified in net earnings.

Derivatives are classified as current when the remaining maturity of the contract is less than 12 months.

Financial royalty assets

Royalty assets that meet the classification requirements of a financial asset are classified by the Trust as financial royalty assets. Financial royalty assets are held at FVTPL, as defined above. Financial royalty assets are valued at fair value calculated using a discounted future cash flow model whereby forecasted cash flows are based on internal models and discounted at market interest rates, risk-adjusted for deal specific factors. Changes in the fair value of financial royalty assets are recorded in net earnings.

Investment in marketable securities

Marketable securities relate to the Trust's investments in private investment public equities. Investments in marketable securities are marked-to-market quarterly based on quoted market prices in active markets with changes in the fair value of the marketable securities recognized in net earnings. The Trust assesses each investment individually in determining whether the Trust intends to hold the marketable security for a period of 12 months or greater. If the Trust intends to hold a marketable security for 12 months or greater the fair value of that marketable security will be recorded as non-current.

(f) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

IFRS 13, *Fair value measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Trust. Unobservable inputs are inputs that reflect the Trust's assumptions as to what market participants would use in pricing the asset or liability, based on the best information available in the circumstances. The hierarchy is broken down into three levels, based on the observability of inputs, as follows:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the Trust has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.
- Level 2: Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In certain cases, the inputs used to measure fair value may fall into different levels in the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

(g) Provisions

Provisions for legal claims are recognized when the Trust has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The expense relating to a provision is included in net earnings net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(h) Income Taxes

The Trust is a mutual fund trust and a SIFT trust, as defined in the *Income Tax Act* (Canada). The Trust itself is not subject to income taxes provided that all of the Trust's taxable income is distributed to Unitholders each year in cash or by way of additional Units by the end of the fiscal year. Income distributed by the Trust is included in the tax returns of the Unitholders.

Certain entities, directly or indirectly owned by the Trust, are subject to income taxes. The Trust accounts for income taxes in accordance with IAS 12, *Income Taxes*. Income tax expense for these subsidiaries reflects taxes payable (recoverable) on taxable income (losses) for the period, calculated based on the enacted or substantively enacted tax rates at the reporting date.

(i) Unitholders' Capital

The Trust has classified its Units as equity pursuant to the provisions of IAS 32, *Financial instruments: Presentation*, on the basis that the Units meet all of the criteria in IAS 32 for such classification. As at December 31, 2025, the Trust did not have any issued or outstanding Preferred Units.

Incremental costs directly attributable to the issuance of new Units or Preferred Units are shown in equity as a reduction from the proceeds of issuance of such Units.

(j) Warrants

The Trust has classified its Warrants as other equity pursuant to the provisions of IAS 32, on the basis that the Warrants meet all of the criteria in IAS 32 for such classification. The Warrants are recognized at fair value, with no subsequent remeasurements recorded.

Closing and transaction costs attributable to the issuance of the Warrants are shown in other equity as a reduction from the fair value of such Warrants.

(k) Distributions to Unitholders

Distributions to Unitholders of DRI Healthcare Trust authorized by the board of trustees on or before the end of the reporting period but not distributed at the end of the reporting period are recognized as a liability in the period in which the distributions are authorized.

(l) Royalty Income

The Trust earns royalty income on its intangible royalty assets based on a percentage of sales revenue generated by third parties marketing the pharmaceutical products underlying the royalty agreements. The third parties report and pay actual royalties owed for sales in a given quarter after the conclusion of the quarter based on the terms of the underlying royalty agreements. For some agreements, royalties are reported quarterly and payments are made on a semi-annual or annual basis.

The Trust estimates royalty income earned for which a report has not been received from third parties by applying the royalty rates and other conditions in the underlying contracts to the estimated sales of the underlying products. Estimating the sales of the underlying products requires management to make significant judgments. When a reasonable estimate of royalty income earned cannot be made, the Trust records royalty income once information to make a reasonable estimate becomes available, which is typically upon receipt of royalties reported by such third parties.

The Trust's royalty income is a contractual right to revenue streams which are subject to the related underlying patent or exclusivity protection of the pharmaceutical products upon which the royalty agreement is based.

The Trust may also earn milestone royalty income based on the achievement of regulatory approvals 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.

(m) Management Fees

Persis Capital Inc. (formerly DRI Capital Inc.) acted as the former external manager of the Trust until June 30, 2025 pursuant to a management agreement. Under the management agreement, the Trust was required to pay quarterly management fees to the former external manager or its affiliates equal to 6.50% of total cash royalty 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. Security investments consist of (i) the securities (including controlling and non-controlling interests, equity, debt and hybrid securities) of entities in the pharmaceutical, biopharmaceutical, medical or healthcare industry or operating assets thereof (other than royalties); (ii) any securities, investments or contracts that may provide a hedge for the investments referred to in clause (i); and (iii) other assets and investments determined by the former external manager to be related to the investments referred to in (i) and (ii).

The former external manager was entitled to receive management fees regardless of whether the Trust realizes gains on the eventual sale or realization of royalty assets. Management fees were intended to fund the operating and personnel expenses of the former external manager.

(n) Performance Fees

The former external manager was entitled to performance fees pursuant to the terms of a management agreement until June 30, 2025. Performance fees were determined on a portfolio-by-portfolio basis, with portfolios based on a group of investments made during each consecutive two-year period, to mitigate the risk that performance fees were paid on a profitable investment even though, in the aggregate, the investments made over a two-year period were not profitable, and further to reduce the risk that performance fees were payable at a time when the Trust's portfolio of investments was not performing well overall.

Performance fees were determined at the end of each fiscal period for each portfolio equal to 20% of the net economic profit for such portfolio for the applicable period. Net economic profit was defined as the aggregate cash receipts for all new portfolio investments in such portfolio less total expenses. Total expenses were defined as interest expense, operating expense and recovery of acquisition cost in respect of such portfolio.

The former external manager, subject to obtaining any applicable regulatory approval, could elect to receive payment for the performance fees in the form of newly issued Units of the Trust in lieu of cash.

The payment of any performance fees to the former external manager was subject to the following three conditions:

- (i) Condition One: Cumulative net economic profit, defined as the difference between the aggregate cash receipts for all new portfolio investments in such portfolio from the date of acquisition less total expenses from the date of acquisition, for such portfolio for all periods prior to the relevant quarterly determination date is positive. Cumulative net economic profit is positive if the aggregate cash receipts for all investments in a portfolio for all prior periods are greater than the total expenses allocated to such portfolio for all prior periods.
- (ii) Condition Two: The aggregate projected cash receipts, calculated based on analyst consensus, for all investments in such portfolio, for all periods commencing after such quarterly determination date are equal to or greater than 135% of the projected total expenses for all investments in such portfolio through the expected termination dates of all investments in such portfolio.
- (iii) Condition Three: The aggregate projected cash receipts, calculated based on analyst consensus, for all investments in all portfolios, for all periods commencing after such quarterly determination date are equal to or greater than 135% of the projected total expenses for all such portfolios through the termination or disposition dates of all investments in all such portfolios.

(o) Unit-based Compensation

Unit-based compensation benefits under the Trust's Omnibus Equity Incentive Plan ("**Incentive Plan**") are provided to employees of the Trust or its designated affiliates, consultants or board members of the Trust. The Incentive Plan consists of Options, Restricted Units ("**RUs**"), Performance Units ("**PUs**") and Deferred Units ("**DUs**"). These unit-based compensation plans are accounted for as cash-settled awards as the Trust is an open-ended trust making its Units redeemable, and thus requiring outstanding awards to be recognized as liabilities carried at fair value. The Trust has discretion to settle the Units either in cash or by issuing Units. These unit-based compensation plans are measured at fair value at the grant date and a unit-based compensation expense is recognized consistent with the vesting features of each plan. The liability is adjusted for changes in fair value with a corresponding adjustment to unit-based compensation expense in the period in which they occur. As awards are settled for Units, the liability is reduced and a corresponding increase in equity is recorded.

RUs, PUs and DUs are credited with distribution equivalents in the form of additional RUs, PUs and DUs, respectively, 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. Distributions on RUs, PUs and DUs are treated as an increase in unit-based compensation expense with a corresponding increase in unit-based compensation liability and an increase in the number of awards outstanding, respectively.

The board of trustees may, from time to time, subject to the provisions of the Incentive Plan and such other terms and conditions as the board may prescribe, grant DUs to eligible participants of the Incentive Plan. The board has complete discretion over the terms and conditions of each award. The board may permit trustees, and the trustees may elect at the board's approval, to receive all or a portion of their annual retainer fees in the form of DUs.

(p) Net earnings per unit

Basic net earnings per unit is calculated by dividing the profit attributable to equity holders by the weighted average number of units outstanding during the period, excluding treasury units, if any.

Diluted net earnings per unit reflects the dilution effect from certain instruments including Options, Warrants, RUs and DUs, using the treasury share method. Depending on the average Unit price during a reporting period, some instruments may be anti-dilutive. This does not affect the potential for these instruments to become dilutive in the future. PUs are included in the calculation of diluted earnings per unit only if the associated performance conditions are satisfied at the end of the reporting period as if it were the end of the performance period.

(q) Foreign Currency Translation

Foreign currency transactions are translated at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at the exchange rate prevailing at the period-end date. Gains and losses resulting from translation are included in the Trust's earnings in the year in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(r) Acquisitions

At the time of acquisition of a royalty asset or a portfolio of royalty assets, the Trust evaluates whether the acquisition is a business combination or asset acquisition. IFRS 3, *Business combinations*, is only applicable if it is considered that a business has been acquired. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

When determining whether the acquisition of a royalty asset or a portfolio of royalty assets is a business combination or an asset acquisition, the Trust exercises judgment as to whether the integrated set of activities and assets consists of inputs, and processes applied to those inputs, that have the ability to contribute to the creation of outputs. The Trust also considers the optional concentration test under IFRS 3 that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

If the acquisition is determined to be a business, it is accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values on the date of the exchange. The Trust recognizes non-controlling interest in acquired entities either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net assets. Acquisition-related costs are expensed as incurred. Goodwill is recognized as the excess of consideration transferred and the net identifiable assets acquired in the business combination.

When an acquisition does not represent a business, the Trust classifies the portfolio of royalty assets as an asset acquisition. Identifiable assets acquired and liabilities assumed in an asset acquisition are measured initially at an allocated amount of transaction consideration, including acquisition-related transaction costs, on a relative fair value basis at the date of purchase. Acquisition-related transaction costs are capitalized to the royalty assets.

(s) Leases

The Trust recognizes a right-of-use ("ROU") asset and a lease liability as at the lease commencement date in accordance with IFRS 16, *Leases*. The ROU asset is initially measured at cost, which includes the initial lease liability, any lease payments made at or before the commencement date, and any direct costs incurred, and is subsequently depreciated on a straight-line basis over the lease term. The lease liability is initially measured at the present value of future lease payments over the anticipated lease term, discounted using the Trust's incremental borrowing rate. The ROU asset is presented in the other non-current assets line of the consolidated statements of financial position, and the short- and long-term portions of the lease liability are presented in the other current liabilities line and other non-current liabilities line, respectively, of the consolidated statements of financial position. Short-term leases under 12 months and leases of low-value assets are expensed as incurred.

(t) Property, equipment and other intangible assets

Property, equipment and other intangible assets are recorded at cost. Finite-life assets are amortized on a straight-line basis over their expected useful life or in the case of leasehold improvements over the term of the lease. Subsequently, these assets are carried at cost less accumulated amortization and any accumulated impairment losses. Assets with indefinite useful lives are not amortized but are tested annually for impairment. The residual values, useful life and methods of amortization for property and equipment are reviewed at each reporting date and adjusted prospectively, if necessary. Any loss resulting from the impairment of property, equipment and other intangible assets is expensed in the period the impairment is identified.

NOTE 4 | USE OF JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and equity, and the related note disclosures. As accounting estimates are monetary amounts that are subject to measurement uncertainty, actual results could differ from those estimates and such differences could be material to the consolidated financial statements. The estimates and underlying assumptions are reviewed by management on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Financial statement areas which require critical judgments, assumptions and estimates that could have a material impact on the consolidated financial statements include, but are not limited to:

Royalty income

In determining royalty income earned, judgments are made with respect to the performance of the underlying products and commercial factors based on historical and expected performance, knowledge of each intangible royalty asset and regular correspondence with royalty payers. Estimated royalty income is recognized on the basis of amounts receivable for each intangible royalty asset based on the Trust's contractual entitlement, which incorporates an element of uncertainty.

The estimated income recognized may differ from actual cash received in respect of each accounting period and adjustments may therefore be required throughout the financial period when the actual income received becomes known.

Change in fair value of financial royalty assets

The fair value of financial royalty assets is remeasured quarterly and changes are recognized in net earnings. The changes in fair value reflect the passage of time of the discounted cash flow, movements in the discount rate and any changes in estimated future cash flows. Fair value of financial royalty assets is calculated using estimated future cash flows discounted over the expected life of the financial asset. Significant judgment is applied in determining the cash flows and discount rate due to uncertainty in the timing and amounts of future cash flows.

Classification of royalty assets

The classification and recognition of royalty assets as intangible royalty assets are based on the judgment that the Trust's contractual rights derived from the assets are subject to successful production and sale of the underlying products by third parties. This judgment is based on the assessment that the Trust does not have contractual rights to force the development and sale of the underlying products, that the Trust does not have the right to royalty payments if the third party fails to sell the underlying products and that there is no certainty as to how much, if or when such sales will occur. As a result, the Trust is exposed to similar rights and risks as it would be if it were the holder of the legal rights to the underlying products.

The classification and recognition of royalty assets as financial royalty assets are based on the judgment that the Trust's contractual rights from the assets meet the definition of a monetary asset. Royalty assets are considered financial royalty assets when the Trust is entitled to receive contractual cash flows that are largely in fixed or determinable amounts.

Useful life of intangible royalty assets

Royalty revenue recognized and amortization charges related to intangible royalty assets are based on the estimated economic useful lives of those intangible royalty assets. In estimating a royalty's useful life for terms that are not contractually fixed, the Trust considers a number of factors, including the strength of existing patent protection, expected entry of generic or biosimilar products or other competitive products, geographical exclusivity periods and potential patent term extensions tied to the underlying product.

The estimated useful life of the intangible royalty assets may differ from the actual useful life of the intangible royalty assets, which may have an impact on the carrying value of intangible royalty assets recognized in the consolidated financial position and the amortization expense recognized in net earnings.

Impairment of intangible royalty assets

The Trust reviews intangible royalty assets for impairment at each reporting date to determine if there is any indication that an asset may be impaired. If an indication of impairment exists, the recoverable amount of the potentially impaired asset is determined as the value in use of the asset. This requires the Trust to use a valuation technique to determine the extent of the impairment, if any. The Trust applies a discounted cash flow model based on forecasted royalties that gives consideration to a range of factors, including, but not limited to, the nature of the investment, market conditions, current and projected royalty cash flows and similar transactions subsequent to the acquisition of the investment. As a result, the forecasted cash flows used in the valuation of the intangible royalty assets could differ from actual results.

Acquisitions

In business combinations and asset acquisitions, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at their respective fair values on the date of acquisition. Financial instruments that are not publicly traded instruments are valued by an independent valuation expert using appropriate valuation techniques, which are generally based on discounting future expected cash flows using appropriate discount rates.

NOTE 5 | RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Presentation and Disclosure of Financial Statements – IFRS 18

On April 9, 2024, the IASB issued IFRS 18: *Presentation and Disclosure in the Financial Statements*, replacing IAS 1. The standard will change how the Trust presents results on the face of the income statement and discloses information in the notes of the financial statements, including disclosures of certain non-GAAP measures, which are management-defined performance measures. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Trust is currently assessing the impact of the standard to its consolidated financial statements.

NOTE 6 | ASSET TRANSACTIONS

Transactions Completed in 2025

(a) Orserdu II Milestone Payment

On January 24, 2025, the Trust paid \$10,000 to fund the Orserdu II milestone obligation, as a result of certain pre-specified events outlined in the purchase agreement having been met.

(b) Ekterly Optional Payment

On July 7, 2025, KalVista Pharmaceuticals, Inc. ("**KalVista**") elected to receive the one-time optional payment of \$22,000 as part of the Ekterly transaction completed in 2024, as described below. As a result of the payment, the Trust's royalty entitlement on net sales up to and including \$500,000 increased from 5.0% to 6.0% and the potential one-time sales-based milestone payment to KalVista increased from \$50,000 to \$57,000. The Trust funded the payment on July 9, 2025.

(c) Veligrotug and elegrobart (VRDN-003) Transaction

On October 17, 2025, the Trust acquired a royalty interest in the U.S. net sales of veligrotug and elegrobart (VRDN-003) from Viridian Therapeutics, Inc. (“**Viridian**”) for an aggregate purchase price of up to \$300,000, including a \$55,000 upfront payment and up to \$245,000 subject to the achievement of certain milestones, of which \$115,000 is related to near-term clinical and regulatory milestone payments. The transaction entitles the Trust to 7.50% on annual U.S. net sales up to and including \$600,000, 0.80% on annual U.S. net sales above \$600,000 and up to and including \$900,000, and 0.25% on annual U.S. net sales above \$900,000 and up to and including \$2,000,000. Viridian submitted a biologics license application (“**BLA**”) to the U.S. Food and Drug Administration (“**FDA**”) for veligrotug in October 2025, which had been accepted in December 2025. The BLA had been granted a Priority Review, with a Prescription Drug User Fee Act (“**PDUFA**”) target action date of June 30, 2026. Royalty receipts will be collected quarterly on a one-quarter lag, with the first royalty receipt being paid in the quarter immediately following the first commercial sale of veligrotug in the U.S. Transaction costs of \$1,990 were capitalized as part of the royalty transaction.

Summary of Transactions Completed in 2025

The following is a summary of the transactions completed for the year ended December 31, 2025:

	Ekterly Optional Payment	Veligrotug and elegrobart (VRDN-003) Transaction	Total for the year ended December 31, 2025
Assets			
Intangible royalty assets	\$ 22,000	\$ 55,000	\$ 77,000
Net acquired assets	\$ 22,000	\$ 55,000	\$ 77,000

Transactions Completed in 2024**(a) Omidria Royalty Amendment**

On February 1, 2024, the Trust expanded its interest in royalties on the U.S. net sales of Omidria by amending the existing Omidria royalty agreement entered into in 2022. For a purchase price of \$115,000, the amendment now entitles the Trust to receive a 30% royalty on U.S. net sales of Omidria until December 31, 2031, and all previously agreed-upon annual royalty caps have been eliminated. As part of the amendment, the Trust is 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 \$55,000 in potential sales-based milestone payments.

The Trust recognized acquired royalties receivable of \$3,560 related to the Trust’s royalty entitlement accrued from November 1, 2023 to February 1, 2024, the date of the amendment. Transaction costs of \$777 were capitalized as part of the royalty asset amendment.

(b) Additional Xenpozyme Royalty Stream

On June 28, 2024, the Trust purchased an additional royalty stream on Xenpozyme for \$13,250. This royalty is in addition to the Trust’s existing Xenpozyme royalty purchased in 2022. The transaction entitles the Trust to an additional royalty of approximately 1.0% on worldwide net sales of Xenpozyme. The Trust is entitled to receive semi-annual royalty payments in respect of net sales of Xenpozyme commencing from July 1, 2024 on a two-quarter lag from the respective half-year period. Transaction costs of \$315 were capitalized as part of the royalty transaction.

In accordance with the royalty agreement, additional milestone payments totaling up to \$32,500 may be paid upon achievement of certain performance thresholds.

(c) Casgevy Transaction

On October 3, 2024, the Trust acquired a share of payment rights on a Cas9 gene-editing technology for Casgevy for a purchase price of \$57,000. Casgevy is approved for the treatment of sickle cell disease and for the treatment of transfusion-dependent beta thalassemia and is marketed by Vertex Pharmaceuticals Inc.

The transaction entitles the Trust to a share of the annual license fees, which range from \$5,000 to \$40,000, and includes certain sales-based annual license fee increases. The Trust is also entitled to receive a mid-double-digit percentage of a \$50,000 contingent payment eligible under the license agreement. The first annual license fee payment was received in January 2025, and the payment streams are expected until 2034.

The Trust’s entitlement to a share of the payment rights is classified as a financial asset, as described in note 3(e). Transaction costs of \$1,940 were incurred and expensed to deal investigation and research costs in relation to the transaction during 2024.

(d) Ekterly Transaction

On November 4, 2024, the Trust acquired a royalty interest in the worldwide net sales of all formulations of the not-yet-approved Ekterly from KalVista for an aggregate purchase price of up to \$179,000, composed of a \$100,000 upfront payment, up to \$57,000 in a sales-based milestone payment and a one-time \$22,000 optional payment. The transaction entitles the Trust to a tiered royalty of 5.0% on net sales up to and including \$500,000, 1.1% on net sales above \$500,000 and up to and including \$750,000, and 0.25% on net sales above \$750,000. Transaction costs of \$1,834 were capitalized as part of the royalty transaction.

On July 7, 2025, Ekterly received FDA approval and KalVista elected to receive the one-time \$22,000 optional payment, which was funded on July 9, 2025. As a result of the payment, the Trust's royalty entitlement on net sales up to and including \$500,000 increased from 5.0% to 6.0% and the potential one-time sales-based milestone payment to KalVista increased from \$50,000 to \$57,000. The Trust is entitled to quarterly royalty payments on a one-quarter lag commencing in the first quarter after FDA approval. The first royalty payment was received in the fourth quarter of 2025.

On November 4, 2024, in addition to the royalty entitlement, the Trust also purchased in a private transaction 500,000 shares of KalVista common stock at a price of \$10 per share for a total cost of \$5,000. During the fourth quarter of 2025, we sold 295,000 shares for an average price of \$16.09 per share, as further described in note 16.

Summary of Transactions Completed in 2024

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

	Omidria Royalty Amendment	Additional Xenpozyme Transaction	Casgevy Transaction	Ekterly Transaction	Total for the year ended December 31, 2024
Assets					
Financial royalty assets	\$ —	\$ —	\$ 57,000	\$ —	\$ 57,000
Royalties receivable	3,560	—	—	—	3,560
Intangible royalty assets	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

NOTE 7 | ROYALTY ASSETS

The following table presents a roll of the intangible royalty assets held by the Trust.

	Cost	Accumulated Amortization and Impairment	Net Book Value
As at January 1, 2024	\$ 891,803	\$ (186,827)	\$ 704,976
Additions ⁽ⁱ⁾	237,616	—	237,616
Amortization	—	(102,869)	(102,869)
Impairment ⁽ⁱⁱ⁾	—	(15,787)	(15,787)
Dispositions ⁽ⁱⁱⁱ⁾	(1,475)	1,475	—
As at December 31, 2024	1,127,944	(304,008)	823,936
Additions ^(iv)	78,990	—	78,990
Amortization	—	(101,743)	(101,743)
Impairment ^(v)	—	(23,365)	(23,365)
Dispositions ^(vi)	(41,730)	41,730	—
As at December 31, 2025	\$ 1,165,204	\$ (387,386)	\$ 777,818

(i) Includes capitalized transaction costs of \$777 related to the amendment to the Omidria royalty agreement, \$315 related to the additional Xenpozyme transaction, and \$1,834 related to the Ekterly transaction, as described in note 6.

(ii) During the year ended December 31, 2024, the Trust recognized an impairment loss of \$15,787 related to the Oracea royalty asset, as described below.

(iii) The Trust wrote off the cost and related accumulated amortization of \$1,475 and \$1,475, respectively, related to the Stelara royalty asset, which was fully amortized as the royalty arrangement expired during the year ended December 31, 2024.

(iv) Includes capitalized transaction costs of \$1,990 related to the veligrotug and elegrobart (VRDN-003) royalty transaction, as described in note 6.

(v) During the year ended December 31, 2025, the Trust recognized an impairment loss of \$13,691 related to the Vonjo II royalty asset and \$9,674 related to the Omidria royalty asset, as described below.

(vi) The Trust wrote off the cost and related accumulated amortization of \$874 and \$874, respectively, related to the Ilaris royalty asset, and \$5,218 and \$5,218, respectively, related to the Simponi royalty asset, which were fully amortized as the royalty arrangements expired during the year ended December 31, 2025. During the year ended December 31, 2025, the Trust also wrote off the cost, related accumulated amortization and accumulated impairment of \$35,638, \$26,422 and \$9,216, respectively, related to the Natpara royalty asset, as the Trust does not expect to receive material royalties beyond Q3 2025.

As at December 31, 2025, the net book value of our intangible royalty assets was \$777,818 (2024 – \$823,936), net of accumulated amortization and impairment of \$387,386 (2024 – \$304,008). During the year ended December 31, 2025, the Trust recorded additions to the cost of its intangible royalty assets of \$78,990 (2024 – \$237,616) related to the veligrotug and elegrobart (VRDN-003) royalty transaction and the Ekterly one-time optional payment, as described in note 6. The Trust also wrote off the cost, related accumulated amortization and accumulated impairment of \$41,730 related to fully amortized intangible royalty assets as the royalty arrangements are no longer expected to generate material royalties (2024 – \$1,475). There was no change to the net book value of the intangible royalty assets as a result of these write-offs.

Ekterly Optional Payment

On July 7, 2025, the FDA approved Ekterly for the treatment of hereditary angioedema. As a result, the conditions for the one-time optional payment of \$22,000 outlined in the purchase agreement had been met and KalVista elected to receive the one-time optional payment. The Trust funded the payment on July 9, 2025 and recognized an increase in the cost base of the Ekterly royalty asset of \$22,000.

As a result of the election and payment, the Trust's royalty entitlement on net sales up to and including the first \$500,000 increased from 5.0% to 6.0% and the potential one-time sales-based milestone payment to KalVista increased from \$50,000 to \$57,000.

Omidria Impairment

The continued underperformance of the Omidria royalty asset represented an indicator of potential impairment that required the Trust to determine the recoverable amount of Omidria to assess if the asset is impaired. The recoverable amount as of December 31, 2025 was calculated using a discounted cash flow model based on revised forecasted cash flows adjusted for the impact of the current market environment. The key assumptions and sources of estimation uncertainty were related to the discount rate and future cash flows, including future sales of Omidria and key competitors. Based on the Trust's analysis, the net book value of Omidria exceeded its recoverable amount, and the Trust recorded an impairment of \$9,674 as at December 31, 2025. As a result of recognizing the impairment, the net book value of the Omidria intangible royalty asset as at December 31, 2025 is \$153,493, which represents the recoverable amount.

Vonjo II Impairment

Due to competitive pressures continuing to have a greater impact than initially anticipated combined with recent unfavorable net pricing changes impacting sales of Vonjo, these conditions represent indicators of potential impairment of the Trust's Vonjo I and Vonjo II intangible royalty assets. As such, the Trust was required to determine the recoverable amounts to assess if the Vonjo assets were impaired. The Trust calculated the recoverable amounts for Vonjo I and Vonjo II as at September 30, 2025 using a discounted cash flow model based on revised forecasted cash flows adjusted for the greater impact of competition, changes in net pricing and current market uptake of Vonjo. The key assumptions and sources of estimation uncertainty were related to the discount rate and future cash flows, including future sales of Vonjo and key competitors. Based on the Trust's analysis, the net book value of Vonjo II exceeded its recoverable amount, and the Trust recorded an impairment of \$13,691 for Vonjo II as at September 30, 2025. Based on the updated forecast the net book value of Vonjo I did not exceed its recoverable amount and no impairment was recognized related to this asset. As a result of recognizing the impairment, the net book value of the Vonjo II intangible royalty asset as at September 30, 2025 was \$39,015, which represented the recoverable amount.

Orserdu Milestone

During the year ended December 31, 2025, Orserdu sales exceeded certain sales performance thresholds that triggered milestone royalty income for Orserdu I of \$5,000, which was recognized in royalty income in the fourth quarter of 2025. The milestone royalty income was received in the first quarter of 2026.

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 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 \$10,000 for the year ended December 31, 2024, which was funded on January 24, 2025.

As a result of pre-specified events being met, certain royalty deductions had been exempted, leading to the recognition of an additional \$18,226 in royalty revenue for the year ended December 31, 2024. This included \$15,745 related to the reclaiming of previous royalties and milestones earned since acquisition. The additional royalty revenue reclaimed is composed of (i) \$5,523 in milestones and \$9,589 in royalties for Orserdu II; and (ii) \$633 in milestones for Orserdu I. The exemption from certain deductions will apply at a similar rate to future royalties and milestones received.

Oracea Impairment

A subsidiary of Galderma S.A. ("**Galderma**"), the marketer of Oracea, and TCD Royalty Sub LP, a subsidiary of the Trust, 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 with the 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, Galderma filed an appeal of the District Court's decision with the United States Court of Appeals for the Federal Circuit. 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 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 that required the Trust 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 the launch of other generics. Based on the Trust's analysis, the net book value of Oracea exceeded the recoverable amount and the Trust recorded an impairment of \$15,787 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 \$4,498, which represented the recoverable amount.

The following table presents details about the products underlying the Trust's royalty assets as at December 31, 2025:

Royalty Asset	Therapeutic Area	Primary Marketer(s)	Acquisition Quarter	Expected Royalty Expiry ^{(i), (ii)}
Casgevy ⁽ⁱⁱⁱ⁾	Hematology	Vertex Pharmaceuticals	Q4 2024	Q1 2034
Ekterly	Immunology	KalVista	Q4 2024	Q1 2042
Empaveli/Syfovre ^(iv)	Hematology/Ophthalmology	Apellis, Sobi	Q3 2022	Q4 2033
Eylea I	Ophthalmology	Regeneron, Bayer, Santen	Q1 2021	Q1 2027
Eylea II	Ophthalmology	Regeneron, Bayer, Santen	Q1 2021	Q1 2027
Natpara	Endocrinology	Takeda	Q1 2021	Q3 2025
Omidria	Ophthalmology	Rayner Surgical	Q3 2022	Q4 2031
Oracea	Dermatology	Galderma	Q3 2021	Q1 2028
Orserdu I	Oncology	Menarini	Q2 2023	Q1 2035
Orserdu II	Oncology	Menarini	Q3 2023	Q1 2035
Rydapt	Oncology	Novartis	Q1 2021	Q3 2028
Spinraza	Neurology	Biogen	Q1 2021	Q3 2031
Veligrotug/elegrobarb (VRDN-003)	Ophthalmology	Viridian Therapeutics	Q4 2025	Q4 2042
Vonjo I	Hematology	Sobi	Q1 2022	Q2 2034
Vonjo II	Hematology	Sobi	Q3 2023	Q2 2034
Xenpozyme ^(v)	Lysosomal Storage Disorder	Sanofi	Q4 2022	Q4 2036
Xolair	Immunology	Roche, Novartis	Q1 2021	Q2 2033
Zejula	Oncology	GSK	Q3 2022	Q2 2033
Zytiga	Oncology	Johnson & Johnson	Q1 2021	Q2 2028
Other Products ^(vi)	Various	Various	Various	n/a

- (i) Represents the quarter during which the final royalty payment is expected and is based on 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 on the consolidated statements of financial position due to the nature of the contractual cash flows from the transaction.
- (iv) Empaveli/Syfovre includes two royalty streams on each product held directly.
- (v) Xenpozyme includes two royalty streams as a result of the additional Xenpozyme stream acquired in Q2 2024, as described in note 6.
- (vi) 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.

The following table presents the Trust's royalty income and net book value by intangible royalty asset:

Intangible Royalty Asset	Royalty Income		Net Book Value	
	Year ended December 31, 2025	Year ended December 31, 2024	As at December 31, 2025	As at December 31, 2024
Ekterly	\$ 2,945	\$ —	\$ 120,173	\$ 101,834
Empaveli/Syfovre ⁽ⁱ⁾	4,985	5,860	19,406	22,082
Eylea I	4,839	5,675	3,788	7,577
Eylea II	1,039	1,229	1,968	3,936
Natpara	912	1,722	—	800
Omidria	33,623	37,774	153,493	191,128
Oracea	3,898	6,271	2,999	4,498
Orserdu I ⁽ⁱⁱ⁾	40,656	28,374	64,531	71,697
Orserdu II	35,018	37,065	111,721	124,127
Rydapt	3,960	3,208	3,781	5,337
Spinraza	14,745	14,712	56,004	66,189
Veligrotug/elegrobarb (VRDN-003)	—	—	56,990	—
Vonjo I	11,537	12,398	46,022	51,599
Vonjo II	2,538	2,768	37,859	57,342
Xenpozyme ⁽ⁱⁱⁱ⁾	5,552	3,183	35,921	39,425
Xolair	13,272	11,317	31,828	36,850
Zejula	3,934	4,011	23,965	27,269
Zytiga	3,327	7,207	6,794	10,680
Other Products ^(iv)	2,144	1,938	575	1,566
Total	\$ 188,924	\$ 184,712	\$ 777,818	\$ 823,936

- (i) Empaveli/Syfovre includes two royalty streams on each product held directly.
- (ii) Royalty income for Orserdu I includes \$5,000 in milestone royalty income during the year ended December 31, 2025.
- (iii) Xenpozyme includes two royalty streams as a result of the additional Xenpozyme stream acquired in Q2 2024, as described in note 6.
- (iv) 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.

Royalty Income

Royalty income for the year ended December 31, 2025 was \$188,924 (2024 – \$184,712). The Trust records royalty income from intangible royalty assets from the date on which the Trust obtains control of those assets.

Net Book Value

During the year ended December 31, 2025, the Trust recorded additions to the cost of its intangible royalty assets totaling \$78,990 (2024 – \$237,616) related to the veligrotug and elegrobart (VRDN-003) transaction and the Ekterly one-time optional payment, as described in note 6.

During the year ended December 31, 2025, the Trust recorded amortization expense of \$101,743 (2024 – \$102,869). The Trust records amortization related to intangible royalty assets from the date on which the Trust obtains control of those assets.

During the year ended December 31, 2025, the Trust recognized a total impairment loss of \$23,365 related to the Vonjo II and Omidria intangible royalty assets (2024 – \$15,787 related to the Oracea intangible royalty asset). The impairment loss was recognized in the consolidated statements of net earnings (loss) and comprehensive earnings (loss). The recoverable amount of Vonjo II was \$39,015 as at September 30, 2025 and was based on a value in use calculation. The recoverable amount of Omidria was \$153,493 as at December 31, 2025 and was based on a value in use calculation. The Trust determined the recoverable amount of the assets using a discounted cash flow model based on forecasted royalties and a discount rate of 8%. The net book value of the assets prior to recognizing an impairment exceeded the recoverable amount and the difference of \$23,365 was recognized as an impairment loss.

Refer to note 17 for details on the Trust's financial royalty assets.

NOTE 8 | CREDIT FACILITY AND PREFERRED SECURITIES

Credit Facility

On October 22, 2021, the Trust entered into a credit agreement (the “**credit agreement**”) for credit facilities composed of (i) a \$175,000 senior secured revolving acquisition credit facility (the “**acquisition credit facility**”); and (ii) a \$25,000 senior secured revolving working capital credit facility (the “**working capital credit facility**”), the proceeds from which were used for general business purposes and to finance transactions.

On April 20, 2022, the Trust entered into an amended and restated credit agreement (the “**amended credit agreement**”), as further amended and restated from time to time, that added a new tranche to the credit facilities consisting of a \$150,000 delayed draw term loan (the “**term credit facility**”) which can be drawn against to fund future transactions. As part of the first amendment, the interest rate for new drawings on the credit facility was revised from LIBOR plus a margin which may vary from 2.00% to 2.50% based on the Trust's leverage ratio to the Secured Overnight Financing Rate (“**SOFR**”) plus (i) a margin which may vary from 2.00% to 2.50% based on the Trust's leverage ratio; and (ii) a margin of 0.10% to 0.25% based on the term of the borrowing.

On March 30, 2023, the Trust further amended its amended credit agreement to revise the total credit available to \$225,000 under the acquisition credit facility and \$88,750 under the term credit facility, and to adjust certain financial covenants to provide greater flexibility (the “**credit facility**”). The interest rate on the amended credit agreement was also revised to SOFR plus (i) a margin which may vary from 2.00% to 2.75% based on the Trust's leverage ratio; and (ii) a margin of 0.10% to 0.25% based on the term of the borrowing. The range of standby fees was revised to 0.40% to 0.55% based on the Trust's leverage ratio. The maturity date of the amended credit agreement was also extended to March 30, 2026 from the original maturity date of October 22, 2024.

On October 31, 2023, the Trust increased the total credit available under its credit facility to \$500,000, 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. The Trust also extended the maturity date of the amended credit agreement from March 30, 2026 to October 31, 2026, which may be extended by one-year increments subject to obtaining approval from the lenders.

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 by one year 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 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% to 0.25% based on the term of the borrowing. 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.

On May 12, 2025, the Trust 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.

On October 3, 2025, the Trust amended its amended credit agreement to, among other things, convert and merge the term credit facility. The total credit available under the acquisition credit facility increased by \$70,000 and the outstanding amount under the acquisition credit facility increased by an amount corresponding to the outstanding amount under the term credit facility as at October 3, 2025, which was \$63,250. This increased the total credit available under the acquisition credit facility to \$570,000. The Trust also extended the maturity date of the amended credit agreement by two years to October 3, 2029, which may be extended by one-year increments subject to lender approval. Certain other terms were also adjusted to provide the Trust with greater flexibility. All other material terms of the amended credit agreement remain unchanged. During the year ended December 31, 2025, the Trust recorded a gain of \$789 related to the change in the gross carrying amount of the outstanding credit facilities due to the amendment.

Interest payments are due on a quarterly basis and mandatory 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.

During the year ended December 31, 2025, the Trust drew \$49,000 from its working capital credit facility to fund the internalization of its investment management function on July 1, 2025, as described in note 21. The Trust also drew \$68,000 from its acquisition credit facility to partially fund the one-time optional payment for Ekterly and the veligrotug and elegrobart (VRDN-003) transaction, as described in note 6. During the year ended December 31, 2024, the Trust drew on its acquisition credit facility to fund royalty transactions, as described in note 6. The details of the draws are presented below.

	Draw Date	Facility	Amount
2025			
Internalization and termination of management agreement	June 30, 2025	Working capital credit facility	\$ 49,000
Ekterly ⁽ⁱ⁾	July 9, 2025	Acquisition credit facility	18,000
Veligrotug and elegrobart (VRDN-003) ⁽ⁱ⁾	October 17, 2025	Acquisition credit facility	50,000
Total			\$ 117,000
2024			
Omidria	January 3, 2024	Acquisition credit facility	\$ 115,000
Casgev ⁽ⁱ⁾	September 27, 2024	Acquisition credit facility	22,000
Ekterly	October 25, 2024	Acquisition credit facility	105,000
Total			\$ 242,000

(i) The Casgev, Ekterly, and veligrotug and elegrobart (VRDN-003) transactions were partially funded by the Trust's existing cash and cash equivalents.

During the year ended December 31, 2025, the Trust made total mandatory credit facility repayments of \$60,112 (2024 – \$66,159).

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

	As at December 31, 2025			As at December 31, 2024
	Total Available Credit	Remaining Available Credit	Balance Outstanding	Balance Outstanding
Acquisition credit facility	\$ 570,000	\$ 237,959	\$ 332,041	\$ 247,122
Term credit facility	—	—	—	77,031
Working capital credit facility	50,000	1,000	49,000	—
	\$ 620,000	\$ 238,959	\$ 381,041	\$ 324,153
Unamortized transaction costs and gain on refinancing	n/a	n/a	(4,977)	(3,400)
Total	\$ 620,000	\$ 238,959	\$ 376,064	\$ 320,753
Current portion of credit facility			\$ 67,088	\$ 56,888
Long-term portion of credit facility			308,976	263,865
Total			\$ 376,064	\$ 320,753

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

	Total
2026	\$ 67,088
2027	67,088
2028	67,088
2029	179,777
	\$ 381,041

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 December 31, 2025, the Trust was in compliance with all covenant requirements under the amended credit agreement.

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. On June 10, 2025, to reflect changes resulting from amendments to the amended credit agreement, the Trust extended the maturity on its original interest rate swap to November 1, 2027. On June 10, 2025 the Trust also entered into a second interest rate swap with equivalent terms for an additional notional amount of \$50,000. Under the agreements, the Trust pays a fixed rate and in exchange receives a SOFR interest rate, offsetting the floating component on a portion of the credit facility, as described in note 16.

On December 1, 2025, as a result of the October 3, 2025 amendment to the credit agreement, the Trust further modified its interest rate swaps. The maturity dates for both swaps were extended to September 28, 2029. The second aforementioned interest swap was combined with the amended interest rate swap into a single \$150,000 notional interest rate swap.

During the year ended December 31, 2025, the Trust recorded an increase in interest due to the interest rate swaps of \$271 (2024 – reduction of \$535).

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 in note 9. 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.

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 canceled 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%. During the year ended December 31, 2024, a gain on debt refinancing of \$2,176 was recorded as a result of this refinancing. 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.

On June 18, 2025, the Trust entered into an agreement with a private placement investor to partially purchase and cancel \$10,000 in face value of the 2024 Preferred Securities for \$9,500. The Trust paid outstanding accrued interest on the \$10,000 face value up to and including June 18, 2025, the date of the transaction. The terms of the remaining 2024 Preferred Securities remain unchanged. During the year ended December 31, 2025, the Trust recorded a loss of \$971 related to the change in the gross carrying amount of the partial redemption.

Subsequent to December 31, 2025, the Trust entered into an agreement with a private placement investor to further partially purchase and cancel \$9,924 in face value of the 2024 Preferred Securities for \$9,825, as described in note 24. The Trust paid outstanding accrued interest on the \$9,924 face value up to February 10, 2026, the date of the transaction. The terms of the remaining 2024 Preferred Securities remain unchanged.

Subsequent to December 31, 2025, the Trust also entered into subscription agreements with the holders of its outstanding 2024 Preferred Securities, pursuant to which the Trust agreed to issue approximately C\$108,723 aggregate principal amount of convertible unsecured subordinated debentures (the “**Debentures**”) to the holders (the “**Offering**”). The purchase price for the Debentures will be exclusively satisfied by the holders exchanging their 2024 Preferred Securities with a principal amount equal to approximately \$79,698. No cash consideration will be paid by the holders of the 2024 Preferred Securities. The Offering is subject to approval of the TSX and other customary closing conditions. Upon closing of the Offering, an aggregate principal amount of \$35,580 of the 2024 Preferred Securities will remain issued and outstanding.

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 carrying amount of the preferred securities is presented below.

	As at December 31, 2025	As at December 31, 2024
Series C	\$ 108,862	\$ 113,515
Deferred transaction costs, net of amortization	(1,987)	(2,578)
Total	\$ 106,875	\$ 110,937

The summary of interest expense for the year ended December 31, 2025 and 2024 is presented below.

		Year ended December 31, 2025		Year ended December 31, 2024
Interest on credit facility net borrowings	\$	22,588	\$	19,501
Standby fees		1,148		1,130
Amortization of deferred transaction costs		1,482		1,028
Increase (reduction) in interest expense from interest rate swap		271		(535)
Total interest expense on credit facility	\$	25,489	\$	21,124
Interest on preferred securities	\$	9,739	\$	9,531
Accretion of par value		3,876		3,685
Amortization of deferred transaction costs		591		565
Total interest expense on preferred securities	\$	14,206	\$	13,781
Total interest expense	\$	39,695	\$	34,905

NOTE 9 | EQUITY

Authorized Equity

The authorized equity capital consists of (i) an unlimited number of Units; and (ii) an unlimited number of Preferred Units, issuable in series.

(i) 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 fully paid and non-assessable when issued and are transferable. The Units rank among themselves equally and ratably without discrimination, preference or priority. Each Unit entitles the holder thereof to one vote at all meetings of Unitholders. The Units are redeemable by the holder thereof and the Units have no other conversion, retraction, redemption or pre-emptive rights. Fractional Units do not entitle the holders thereof to vote, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

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

	Units		Weighted Average Cost per Unit		Total Cost
Balance – December 31, 2023	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	200,901	\$	9.79	\$	1,966
Units issued on the settlement of vested Deferred Units	17,759	\$	9.10	\$	162
Repurchase and cancellation of Units – NCIB	(1,449,249)	\$	9.82	\$	(14,231)
Excise tax on share repurchases	n/a		n/a	\$	(245)
Balance – December 31, 2025	55,073,836		n/a	\$	550,235

Settlement of vested Restricted Units (“RUs”)

The following table outlines the Units issued upon settlement of vested RUs during the year ended December 31, 2025 and 2024:

Restricted Units Grant Date:	Units Issued on Settlement of Restricted Units	
	Year ended December 31, 2025	Year ended December 31, 2024
September 10, 2021	—	12,452
November 30, 2021	—	29,116
June 10, 2022	6,878	7,309
September 10, 2022	11,613	13,965
November 22, 2022	14,033	17,038
August 17, 2023	2,907	3,613
October 25, 2023	28,770	28,576
December 21, 2023	2,547	2,442
January 10, 2024	75,410	104,495
May 1, 2024	2,909	3,598
May 31, 2024	12,851	123,438
August 13, 2024	26,613	6,489
July 1, 2025	13,829	—
September 4, 2025	1,506	—
November 10, 2025	1,035	—
Total	200,901	352,531

Settlement of Deferred Units (“DUs”)

During the year ended December 31, 2025, the Trust issued 17,759 Units (2024 – nil) upon settlement of vested DUs as described in note 13.

Normal course issuer bid (“NCIB”)

On November 13, 2023, the Trust was 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, the Trust 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.

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 (“**May 2025 NCIB**”). In connection with the May 2025 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, 2025, the Trust acquired and canceled 1,449,249 Units at an average price of \$9.82, totaling \$14,231. As at December 31, 2025, in aggregate, the Trust has acquired and canceled 4,612,758 Units at an average price per Unit of \$7.08, totaling \$32,658 under all current and previous normal course issuer bid plans.

As at December 31, 2025, the Trust recorded an other current liability of \$3,290 representing the maximum amount that would be required to settle the AUPP in effect on December 31, 2025, with a corresponding decrease in other equity. The actual number of Units repurchased under the AUPP may be less than the estimate as at December 31, 2025, resulting in a decrease in other current liabilities and an increase in other equity.

In the subsequent period from January 1, 2026 to March 3, 2026, the Trust acquired an additional 75,938 Units under the May 2025 NCIB plan at an average price of \$11.31, totaling \$859 under the AUPP.

Excise tax on share repurchases

As a SIFT trust, the Trust is subject to a 2% excise tax on the excess of the fair market value of equity repurchases over equity issuances, unless such repurchases are below the exemption threshold of \$1,000. For the year ended December 31, 2025, the Trust recorded an excise tax payable of \$245 related to repurchases under the May 2025 NCIB program (2024 – nil).

(ii) Preferred Units

Preferred Units may, from time to time, be issued in one or more series. Subject to the provisions of our declaration of trust, the board of trustees of the Trust may, by resolution, from time to time before the issue of Preferred Units determine the maximum number of Units of each series, create an identifying name for each series, attach special rights or restrictions to the Preferred Units of each series including, without limitation, any right to receive distributions (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such distributions, the dates of payment thereof, any terms or conditions of redemption or purchase, any conversion rights, any retraction rights, any rights on the liquidation, dissolution or winding-up of the Trust, and any sinking fund or other provisions. Except as provided in any special rights or restrictions attaching to any series of Preferred Units issued from time to time, the holders of Preferred Units will not be entitled to receive notice of, attend or vote at any meeting of Unitholders.

Preferred Units rank on a parity with the Preferred Units of every other series and are entitled to preference over our Units, and any other of our Units ranking junior to the Preferred Units, with respect to payment of distributions. In the event of the liquidation, dissolution or winding-up of the Trust, whether voluntary or involuntary, the holders of Preferred Units will be entitled to preference with respect to distribution of our property or assets over our Units, and any other of our Units ranking junior to the Preferred Units, with respect to the repayment of capital paid up and the payment of unpaid distributions accrued on the Preferred Units.

As at December 31, 2025, no Preferred Units had been issued or were outstanding (2024 – nil).

(iii) 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) an exercise price of \$11.62; (ii) an average risk-free interest rate of 3.558%; (iii) an expected Warrant life of five years; (iv) an average expected volatility of 30%, estimated based on market data; and (v) an 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. Transaction costs associated with the issuance incurred in 2024 totaled \$137 and were recorded as a reduction in other equity reserves.

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) an average expected volatility of 30.5%, estimated based on market data; and (v) an expected distribution yield of 3.35%.

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

Distributions

Distributions in respect of a quarter are paid on or about each distribution date to Unitholders of record as at the close of business on the corresponding distribution record date.

The following table presents cash and Unit distributions made by the Trust during the years ended December 31, 2025 and 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
Q2 2025 – Quarterly cash distribution	June 30, 2025	July 18, 2025	\$	0.1000 \$	5,550
Q3 2025 – Quarterly cash distribution	September 30, 2025	October 20, 2025	\$	0.1000 \$	5,515
Q4 2025 – Quarterly cash distribution	December 31, 2025	January 20, 2026	\$	0.1000 \$	5,507
Total			\$	0.4000 \$	22,203
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 year ended December 31, 2025, the board of trustees of the Trust declared cash distributions totaling \$22,203 (2024 – total distributions of \$20,488, composed of cash distributions of \$19,154 and a Unit distribution of \$1,334).

Subsequent to December 31, 2025, the board of trustees of the Trust declared a quarterly cash distribution of \$0.1100 per Unit to Unitholders of record as at March 31, 2026 and payable on April 20, 2026.

NOTE 10 | NET EARNINGS PER UNIT

The weighted average number of Units outstanding for the purpose of calculating net earnings (loss) per Unit was as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Basic	55,735,690 Units	56,339,759 Units
Diluted	55,735,690 Units	56,339,759 Units

NOTE 11 | 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.

The Trust recorded total deal investigation and research expenses of \$5,206 for the year ended December 31, 2025 (2024 – \$6,674).

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

NOTE 12 | COMPENSATION EXPENSE

Previously, compensation expense was included in other operating expenses in the statements of net earnings (loss) and comprehensive earnings (loss) and only included compensation related to the Trust's Chief Executive Officer and Chief Financial Officer. With the completion of the internalization transaction on July 1, 2025, a wholly owned subsidiary of the Trust hired the employees of the former external manager. For the year ended December 31, 2025 onwards, compensation expense reflects the compensation for these employees as well as the Trust's Executive Officers and was reclassified into a separate financial statement line expense.

During the year ended December 31, 2025, the Trust recognized total compensation expense of \$6,954 (2024 – \$470). On a comparative basis for the year ended December 31, 2025, compensation expense increased by \$6,484, which was primarily driven by higher employee levels and one-time organizational restructuring expenses due to internalization. The one-time organizational restructuring costs were \$803 and consisted of severance expense related to the former Chief Financial Officer of the Trust.

NOTE 13 | UNIT-BASED COMPENSATION

The Trust provides unit-based compensation under its Incentive Plan, as described in note 3(p). The total number of Units authorized to be issued under the Omnibus Equity Incentive Plan is the lower of (i) 4,101,741; and (ii) 10% of the total outstanding Units of the Trust.

For the year ended December 31, 2025, the unit-based compensation expense was \$3,483 (2024 – \$7,679).

The following table provides the details of RUs for the years ended December 31, 2025 and 2024:

	Total Units January 1, 2024	Units Granted	Distribution Equivalent Units Granted ⁽ⁱ⁾	Vesting of Restricted Units	Forfeited Units	Total Units December 31, 2024
Restricted Units Grant Date:						
September 10, 2021 ⁽ⁱⁱ⁾	27,756	—	410	(26,000)	(2,166)	—
November 30, 2021 ⁽ⁱⁱ⁾	63,699	—	1,506	(65,205)	—	—
June 10, 2022 ⁽ⁱⁱ⁾	32,420	—	636	(16,328)	(1,862)	14,866
September 10, 2022 ⁽ⁱⁱ⁾	43,101	—	1,056	(21,869)	—	22,288
November 22, 2022 ⁽ⁱⁱⁱ⁾	48,375	—	1,184	(24,545)	—	25,014
November 22, 2022 ^(iv)	17,415	—	313	(2,945)	(11,781)	3,002
August 17, 2023 ^(iv)	11,155	—	273	(5,660)	—	5,768
October 25, 2023 ^(v)	88,898	—	1,843	(44,772)	—	45,969
December 21, 2023 ^(vi)	15,539	—	431	(5,256)	—	10,714
January 10, 2024 ^(vii)	—	370,128	7,073	(186,408)	(46,331)	144,462
January 10, 2024 ^(viii)	—	21,232	154	(21,386)	—	—
May 1, 2024 ^(vi)	—	19,500	396	(6,549)	—	13,347
May 31, 2024 ^(ix)	—	117,245	1,805	(39,076)	(26,794)	53,180
May 31, 2024 ^(x)	—	233,333	—	(233,333)	—	—
August 13, 2024 ^(xi)	—	110,752	1,974	(13,965)	—	98,761
Balance	348,358	872,190	19,054	(713,297)	(88,934)	437,371

	Total Units January 1, 2025	Units Granted	Distribution Equivalent Units Granted ⁽ⁱ⁾	Vesting of Restricted Units	Forfeited Units	Total Units December 31, 2025
Restricted Units Grant Date:						
June 10, 2022 ⁽ⁱⁱ⁾	14,866	—	186	(15,052)	—	—
September 10, 2022 ⁽ⁱⁱ⁾	22,288	—	518	(22,806)	—	—
November 22, 2022 ⁽ⁱⁱⁱ⁾	25,014	—	581	(25,595)	—	—
November 22, 2022 ^(iv)	3,002	—	70	(3,072)	—	—
August 17, 2023 ^(iv)	5,768	—	134	(5,902)	—	—
October 25, 2023 ^(v)	45,969	—	575	(46,544)	—	—
December 21, 2023 ^(vi)	10,714	—	349	(5,481)	—	5,582
January 10, 2024 ^(vii)	144,462	—	1,806	(146,268)	—	—
May 1, 2024 ^(vi)	13,347	—	354	(5,078)	(4,165)	4,458
May 31, 2024 ^(ix)	53,180	—	1,448	(26,922)	(78)	27,628
August 13, 2024 ^(xi)	98,761	—	2,748	(57,405)	—	44,104
July 1, 2025 ^(xii)	—	99,254	1,601	(25,049)	—	75,806
July 1, 2025 ⁽ⁱⁱ⁾	—	99,254	1,819	—	—	101,073
September 4, 2025 ⁽ⁱⁱ⁾	—	7,580	93	(2,527)	—	5,146
September 4, 2025 ^(xiii)	—	13,125	240	—	—	13,365
October 15, 2025 ⁽ⁱⁱ⁾	—	17,158	150	—	—	17,308
November 10, 2025 ^(xiv)	—	8,917	58	(2,229)	—	6,746
Balance	437,371	245,288	12,730	(389,930)	(4,243)	301,216

(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) Vested equally over three years on each anniversary date.

(iii) Vested equally on March 31, 2023, September 10, 2024 and September 10, 2025.

(iv) Vested equally on September 10, 2023, September 10, 2024 and September 10, 2025.

(v) Vested immediately on October 25, 2023 and settling equally on June 15, 2024 and June 15, 2025.

(vi) Vesting equally on September 10, 2024, September 10, 2025 and September 10, 2026.

(vii) Vested equally on June 15, 2024 and June 15, 2025.

(viii) Vested on April 1, 2024.

(ix) Vesting equally on May 31, 2024, May 31, 2025 and May 31, 2026.

(x) Vested immediately on May 31, 2024.

(xi) Vesting equally on a quarterly basis beginning November 13, 2024 until August 13, 2026.

(xii) Vesting equally on a quarterly basis beginning October 1, 2025 until July 1, 2026.

(xiii) Vesting equally on April 1, 2026, April 1, 2027 and April 1, 2028.

(xiv) Vesting equally on a quarterly basis beginning November 13, 2025 until August 13, 2026.

The carrying value of the Trust's unit-based compensation liability related to the outstanding awards was as follows.

		As at December 31, 2025	As at December 31, 2024
Current portion of unit-based compensation liability	\$	1,704	\$ 2,093
Long-term portion of unit-based compensation liability		199	240
Total unit-based compensation liability	\$	1,903	\$ 2,333

No Options or PUs were granted as at December 31, 2025 and 2024. Certain members of the board of trustees of the Trust elected to be compensated fully or partially in DUs, as described in note 15.

NOTE 14 | GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include overhead costs incurred in the management of the business, such as, among others, depreciation of fixed assets, amortization of other intangible assets, premises and office expenses. For the year ended December 31, 2025, the Trust recorded total general and administrative expenses of \$1,541 (2024 – \$321).

NOTE 15 | OTHER OPERATING EXPENSES

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

		Year ended December 31, 2025	Year ended December 31, 2024
Board of trustees fees	\$	1,757	\$ 858
Professional fees		7,656	5,696
Other expenses ⁽ⁱ⁾		2,738	2,160
Total other operating expenses	\$	12,151	\$ 8,714

(i) Prior period figures have been adjusted to conform with the current period's classification.

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(o).

During the year ended December 31, 2025, the Trust granted 64,131 DUs (2024 – 57,669), in lieu of cash compensation to trustees and 8,001 distribution equivalent Units (2024 – 5,207), in relation to the quarterly distributions. Board compensation expense for the year ended December 31, 2025 included \$1,315 (2024 – \$375), related to the issuance of DUs and the related distribution equivalents. During the year ended December 31, 2025, the Trust settled 38,485 DUs (2024 – nil). The fair value of the DUs vested but not settled was \$2,437 as at December 31, 2025 (2024 – \$1,480) and was included in other current liabilities.

Professional fees

For the year ended December 31, 2025, the Trust recorded total professional fees of \$7,656 (2024 – \$5,696), related to professional services including audit, legal, tax, valuation and consulting.

Other expenses

Other expenses for the year ended December 31, 2025 were \$2,738 (2024 – \$2,160), and included donations of \$1,013 (2024 – \$1,047), primarily related to the pledge agreement with the Mayo Clinic, as described in note 20.

NOTE 16 | FINANCIAL INSTRUMENTS

The financial assets and liabilities held by the Trust as at December 31, 2025 were as follows:

	Fair value through net earnings – recognized	Fair value through net earnings – designated as hedging instruments	Amortized cost	Total
Financial Assets				
Cash and cash equivalents	\$ 42,432	\$ —	\$ —	\$ 42,432
Royalties receivable	—	—	59,708	59,708
Financial royalty assets	57,276	—	—	57,276
Investment in marketable securities	3,311	—	—	3,311
	\$ 103,019	\$ —	\$ 59,708	\$ 162,727
Financial Liabilities				
Accounts payable and accrued liabilities	\$ —	\$ —	6,240	\$ 6,240
Distributions payable to Unitholders	—	—	5,507	5,507
Current portion of credit facility	—	—	67,088	67,088
Other current liabilities	—	—	3,373	3,373
Derivative instruments	—	1,486	—	1,486
Credit facility	—	—	308,976	308,976
Preferred securities	—	—	106,875	106,875
Other non-current liabilities	—	—	354	354
	\$ —	\$ 1,486	\$ 498,413	\$ 499,899

The financial assets and liabilities held by the Trust as at December 31, 2024 were as follows:

	Fair value through net earnings – recognized	Fair value through net earnings – designated as hedging instruments	Amortized cost	Total
Financial Assets				
Cash and cash equivalents	\$ 36,502	\$ —	\$ —	\$ 36,502
Royalties receivable	—	—	62,362	62,362
Financial royalty assets	57,527	—	—	57,527
Investment in marketable securities	4,235	—	—	4,235
	\$ 98,264	\$ —	\$ 62,362	\$ 160,626
Financial Liabilities				
Accounts payable and accrued liabilities	\$ —	\$ —	4,821	\$ 4,821
Distributions payable to Unitholders	—	—	4,786	4,786
Derivative instruments	—	425	—	425
Performance fees payable	—	—	1,665	1,665
Current portion of credit facility	—	—	56,888	56,888
Other current liabilities	—	—	10,136	10,136
Credit facility	—	—	263,865	263,865
Preferred securities	—	—	110,937	110,937
	\$ —	\$ 425	\$ 453,098	\$ 453,523

Investment in marketable securities

As part of the Ekterly Transaction, as described in note 6, the Trust purchased 500,000 shares in KalVista common stock through a private investment in public equity arrangement for \$10 per share for a total cost of \$5,000. During the year ended December 31, 2025 the Trust sold 295,000 shares for an average price \$16.09, as a result the Trust recognized a realized gain of \$1,795 (2024 – nil).

The following table highlights the fair value and changes in the fair value of the Trust's marketable securities:

Number of shares		Fair value as at		Change in fair value for the year ended	
December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025 ⁽ⁱ⁾	December 31, 2024
205,000	500,000	\$ 3,311	\$ 4,235	\$ (924)	\$ (765)

(i) The change in fair value of marketable securities during the year ended December 31, 2025 is comprised of a disposition of 295,000 shares at a cost of \$2,950 and an unrealized gain of \$2,026.

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 in note 8. 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. On June 10, 2025, to reflect changes resulting from amendments to the amended credit agreement, as described in note 8, the Trust extended the maturity on its original interest rate swap to November 1, 2027. Hedge accounting for the original interest rate swap was discontinued and the amended interest rate swap was designated as a cash flow hedge. On June 10, 2025, the Trust also entered into a second interest rate swap with equivalent terms for an additional notional amount of \$50,000 to further manage interest rate risk on the credit facility. On December 1, 2025, as a result of the October 3, 2025 amendment to the credit agreement, the Trust further modified its interest rate swaps. The maturity dates were extended to September 28, 2029. The second aforementioned interest swap was combined with the amended interest rate swap into a single \$150,000 notional interest rate swap. The hedge accounting for the amended and second interest rate swaps from June 2025 was discontinued and the new interest rate swap was designated as a cash flow hedge. The Trust does not hold or use any derivative financial instruments for speculative trading purposes. Under the agreements, the Trust pays a fixed rate and in exchange receives a SOFR interest rate, offsetting the floating component on a portion of the credit facility.

The details of the interest rate swap are as follows:

Derivative Instruments	Maturity Date	Notional Value	Fair value as at December 31, 2025	Fair value as at December 31, 2024 ⁽ⁱ⁾
Interest rate swap	September 28, 2029	\$ 150,000	\$ (1,486)	\$ (425)

(i) The fair value as at December 31, 2024 is based on a notional amount of \$100,000 and a maturity date of March 31, 2026.

The Trust applies hedge accounting, as described in note 3(e). During the year ended December 31, 2025, the Trust recognized a net change in unrealized fair value through other comprehensive earnings (loss) of \$(639) (2024 – \$664) as a result of the interest rate swap derivative instrument. During the year ended December 31, 2025 the Trust recorded an increase in interest due to the interest rate swaps of \$271 (2024 – reduction of \$535) as a result of the hedge against interest rate fluctuations on the amended credit agreement, as described in note 8.

NOTE 17 | FAIR VALUE MEASUREMENTS

Financial instruments measured at fair value are allocated within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Transfers between the three levels of the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer.

There were no transfers among the three levels of the fair value hierarchy during the year ended December 31, 2025 (2024 – nil).

As at December 31, 2025 and 2024, the Trust had cash and cash equivalents and investments in marketable securities measured at fair value and classified as Level 1 financial instruments. Investments in marketable securities are measured using quoted prices in active markets for identical assets. The Trust also had derivative instruments measured at fair value classified as Level 2 financial instruments. The derivative instrument is related to the interest rate swap described in note 16, and the fair value is estimated using a valuation model that predicts future cash flows over the contractual terms of the agreement based on observable market data, such as interest rate curves. Financial royalty assets are classified as Level 3 financial instruments. In computing the fair value of financial royalty assets, a discounted cash flow model is used and is based on unobservable market data including estimated cash flows based on the Trust's internal model, and a spread adjustment to the discount rate reflecting deal-specific risks and the Trust's required return.

The carrying values of financial assets and liabilities held at amortized cost approximate their fair values.

The following table provides a reconciliation to the ending balances of the Trust's Level 3 financial instruments:

Reconciliation of Level 3 Financial Instruments	Financial royalty assets
Balance – January 1, 2024	\$ —
Additions ⁽ⁱ⁾	57,000
Change in fair value due to passage of time	1,908
Change in fair value due to movement in risk-free rate	(1,381)
Balance – December 31, 2024	\$ 57,527
Cash receipts from Level 3 financial instruments	(5,000)
Change in fair value due to passage of time	7,704
Change in fair value due to movement in risk-free rate	731
Change in fair value due to change in forecasted timing of receipts ⁽ⁱⁱ⁾	(3,686)
Balance – December 31, 2025	\$ 57,276

(i) Additions relate to the Casgevy financial royalty asset acquired on October 3, 2024, as described in note 6.

(ii) The expected timing of the contingent payment receipt related to Casgevy, as described in note 6, has been adjusted due to delays and the discounted cash flow model has been updated to reflect the Trust's new expectation. There has been no change to the anticipated likelihood that the contingent payment will be received.

NOTE 18 | RISK MANAGEMENT

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Trust by failing to discharge an obligation.

The Trust has determined that it is exposed to credit risk primarily related to the counterparties of its royalty assets, as described in note 7.

The counterparties to the Trust's royalty agreements are comprised primarily of marketers of the underlying products in the pharmaceutical and life science industries. As at December 31, 2025, royalties receivable from the five largest royalties receivable counterparties represented 77% of total royalties receivable (2024 – 81%). The Trust monitors its exposure to counterparties of its royalty assets on a regular basis.

Cash and cash equivalents is also subject to credit risk. Cash and cash equivalents are held with reputable financial institutions which have high credit ratings.

(b) Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Trust manages its cash and capital to ensure that it can meet its obligations in the normal course of operations. The Trust generally settles its accounts payable obligations within 90 days. The Trust also maintains enough liquidity to ensure it can meet the mandatory payment requirements of its amended credit agreement and preferred securities, as described in note 8.

(c) Foreign exchange risk

Foreign exchange is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Trust's functional currency is the U.S. dollar; however, the Trust is exposed to changes in foreign exchange on certain cash and cash equivalents, accounts payable and accrued liabilities and underlying revenue streams supporting the royalties receivable. An appreciation or depreciation of 10% in the currencies to which the Trust has exposure against the U.S. dollar would not have a material impact on the Trust's net earnings as at December 31, 2025.

(d) Interest rate risk

Interest rate risk is the risk that the Trust will encounter financial loss arising from changes in interest rates.

The Trust is exposed to interest rate risk on its amended credit agreement, as described in note 8. As the interest rate on the amended credit agreement is partially dependent on the Trust's leverage ratio, the Trust aims to maintain a stable leverage ratio to mitigate fluctuations in the interest rate charged. The Trust also uses an interest rate swap to exchange a floating interest rate for a fixed interest rate to achieve a more predictable interest expense to assist in providing greater flexibility with complying with debt covenants. The swap also helps manage the risk of interest rate fluctuations for a portion of the amended credit agreement, as described in note 8. Interest earned on the interest rate swap partially offsets the interest expense on the amended credit agreement.

The Trust earns other interest income based on its cash on-hand. Other interest income is also exposed to potential financial loss in the event of decreasing interest rates.

As part of the accounting treatment of the Trust's financial royalty assets, changes in fair value directly impact net earnings. As the fair value is calculated using a discounted cash flow model, with discount rates being partially composed of market interest rates, the fair value of the royalty financial asset is exposed to changes in interest rates.

The Trust continuously monitors its exposure to fluctuating interest rates. A 1% change in interest rates would have the following impact on the Trust's net earnings (loss) as at December 31, 2025.

	Impact on net earnings (loss)
Impact of 1% increase in interest rates on interest income and expense	\$ (1,416)
Impact of 1% decrease in interest rate on interest income and expense	1,416
Impact of 1% increase in interest rate on changes in fair value of financial royalty assets	(1,796)
Impact of 1% decrease in interest rate on changes in fair value of financial royalty assets	1,894

(e) Tariff risks

The Trust's portfolio of royalty assets is exposed 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 on which the Trust earns royalties on, which would negatively impact the Trust's results of operations.

(f) Additional risks

General global economic conditions, including, without limitation, public health crises, changes to fiscal and monetary policies, fluctuations in the market prices of securities, global supply chain disruptions, national and international political circumstances, natural disasters and other events and circumstances in which the Trust does not have operational or financial control over, could potentially affect the Trust's financial position, financial performance and cash flows. However, the Trust does not anticipate that these events will have a material adverse impact on its long-term operations.

NOTE 19 | CAPITAL MANAGEMENT

As at December 31, 2025, the Trust's capital was \$1,044,460 (2024 – \$1,004,573) and consisted of its Unitholders' capital of \$550,235 (2024 – \$562,583), 2024 Preferred Securities, prior to the deduction of deferred transaction costs, net of amortization, of \$108,862 (2024 – \$113,515), 2024 Warrants of \$4,322 (2024 – \$4,322) and amended credit facilities, prior to the deduction of deferred transaction costs, net of amortization, of \$381,041 (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.

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 2024 Preferred Securities and the 2024 Warrants. The 2023 Preferred Securities have been canceled and the 2023 Warrants have been redeemed upon completion of the refinancing, as described in note 8 and note 9. On June 18, 2025, the Trust partially purchased and canceled \$10,000 in face value of the 2024 Preferred Securities for \$9,500, as described in note 8.

On November 1, 2024, the Trust increased the total credit available under its credit facility to \$631,625 by increasing the amount available under the acquisition credit facility to \$525,000, as described in note 8.

On October 3, 2025, the Trust further revised its amended credit agreement to convert and merge the term credit facility into the acquisition credit facility, as described in note 8. The total credit available under the acquisition credit facility increased by \$70,000 and the outstanding amount under the acquisition credit facility increased by an amount corresponding to the outstanding amount under the term credit facility as at October 3, 2025, which was \$63,250.

There have been no other changes in the composition of the Trust's capital or its capital management policies during the year ended December 31, 2025 compared to the prior period. As at December 31, 2025 and 2024, the Trust was in compliance with all externally imposed capital requirements.

Subsequent to December 31, 2025, the Trust entered into an agreement with a private placement investor to partially purchase and cancel \$9,924 in face value of the 2024 Preferred Securities for \$9,825, as described in note 8. The Trust paid outstanding accrued interest on the \$9,924 face value up to February 10, 2026, the date of the transaction.

Subsequent to December 31, 2025, the Trust also entered into subscription agreements with the holders of its outstanding 2024 Preferred Securities, as described in note 8. Upon closing of the Offering, an aggregate principal amount of \$35,580 of the 2024 Preferred Securities will remain issued and outstanding.

NOTE 20 | 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. As of December 31, 2025, Zejula had not met the required criteria to receive the milestone.

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 \$26,000 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 royalty stream on Empaveli/Syfovre. In accordance with the terms of the royalty agreement, the royalty seller may also be entitled to an additional payment of \$4,000 if worldwide net 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 \$2,500.

On February 1, 2024, the Trust expanded its interest in royalties on the sales of Omidria, as described in note 6. In accordance with the terms of the amended royalty agreement, the royalty seller may be entitled to an additional payment of up to \$27,500 in potential sales-based milestone payments.

On June 28, 2024, the Trust bought an additional royalty stream on Xenpozyme, as described in note 6. 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 Ekterly, as described in note 6. 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. On July 7, 2025, after receiving FDA approval of Ekterly, the royalty seller elected to receive the one-time optional payment of \$22,000, increasing the royalty rate entitled by the Trust. After exercising the one-time optional payment, the royalty seller's potential one-time sales-based milestone payment increased to \$57,000 from \$50,000, contingent on annual worldwide net sales of Ekterly meeting or exceeding \$550,000 before January 1, 2031.

On October 17, 2025, the Trust completed the veligrotug and elegrobart (VRDN-003) transaction, as described in note 6. In accordance with the terms of the royalty agreement, the royalty seller may be entitled to additional consideration of up to \$245,000 subject to the achievement of certain milestones, of which \$115,000 is related to near-term clinical and regulatory milestone payments.

NOTE 21 | RELATED-PARTY TRANSACTIONS

Internalization transaction

On July 1, 2025, DRI Healthcare Trust completed the internalization of its investment management function. In connection with the internalization the Trust and the former external manager had entered into a certain termination agreement pursuant to which (i) the management agreement with the former external manager was terminated, effective June 30, 2025; and (ii) the former external manager agreed to indemnify the Trust and its affiliates in respect of, among other things, damages, if any, related to the event as described in note 2. To extinguish the former external manager's management agreement, along with all management and performance fee obligations, the Trust paid a termination fee of \$48,000. The termination of the former external manager results in the elimination of management and performance fees on a go forward basis.

In addition, in connection with the internalization, the Trust acquired certain relevant assets of the former external manager for a purchase price of \$1,000. As a result of the transaction contemplated by a certain asset purchase agreement entered into between the Trust and the former external manager, the employees of the former external manager transitioned to a subsidiary of DRI Healthcare Trust.

Transactions with the former external manager

Persis Capital Inc. (formerly DRI Capital Inc.) served as the external manager of the Trust until June 30, 2025. Management fees and performance fees were payable by the Trust pursuant to the management agreement prior to internalization. Effective July 1, 2025, management and performance fees are no longer payable by the Trust as a result of the termination of the management agreement.

The Trust recorded the following transactions with its external manager during the year ended December 31, 2025 and 2024:

		Year ended December 31, 2025	Year ended December 31, 2024
Management fee expense	\$	6,733	\$ 11,397
Performance fee expense		533	1,896
Total	\$	7,266	\$ 13,293
		As at December 31, 2025	As at December 31, 2024
Other current assets	\$	—	\$ 1
Management fees payable		—	(7)
Performance fee payable		—	(1,665)
Total	\$	—	\$ (1,671)

(i) Management fees

The Trust recorded management fees of \$6,733 related to services provided by the former external manager during the year ended December 31, 2025 (2024 – \$11,397).

(ii) Performance fees

The Trust recorded performance fees of \$533 during the year ended December 31, 2025 (2024 – \$1,896) as the conditions for performance fee payments to the former external manager were met primarily due to the cash receipt for Casgevy in the first quarter of 2025.

During the fourth quarter of 2024, conditions for performance fee payments to the former external manager were met as a result of the additional revenue recognized for Orserdu, as described in note 7, and performance fees of \$1,665 were recognized. During the year ended December 31, 2025, performance fees of \$2,198 were paid (2024 – \$6,149).

Key management compensation

During the year ended December 31, 2025 and 2024, the Trust issued compensation to members of the board of trustees of the Trust, as described in note 13, and to certain officers of the Trust, as detailed below.

	Year ended December 31, 2025		Year ended December 31, 2024	
Cash compensation and short-term benefits ⁽ⁱ⁾	\$	3,554	\$	470
Unit-based compensation		2,148		921
Total	\$	5,702	\$	1,391

(i) Prior period figures have been adjusted to conform with the current period's classification.

During the year ended December 31, 2025, the Trust recorded total cash compensation and short-term benefits expense of \$3,554 (2024 – \$470), related to compensation paid to certain officers of the Trust, including salaries, bonuses, and benefits.

During the year ended December 31, 2025, the Trust recorded unit-based compensation expense of \$2,148 (2024 – \$921), related to the RU grants and the accretion of the related distribution equivalent Units.

The following table provides the details of RUs granted to certain officers of the Trust during the year ended December 31, 2025:

	Total Units January 1, 2025	Units Granted	Distribution Equivalent Units Granted ⁽ⁱ⁾	Vesting of Restricted Units	Total Units December 31, 2025
Restricted Units Grant Date:					
August 13, 2024 ⁽ⁱⁱ⁾	98,761	—	2,748	(57,405)	44,104
July 1, 2025 ⁽ⁱⁱⁱ⁾	—	99,254	1,601	(25,049)	75,806
July 1, 2025 ^(iv)	—	99,254	1,819	—	101,073
September 4, 2025 ^(v)	—	13,125	240	—	13,365
October 15, 2025 ^(vi)	—	17,158	150	—	17,308
November 10, 2025 ^(vi)	—	8,917	58	(2,229)	6,746
Balance	98,761	237,708	6,616	(84,683)	258,402

(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 a quarterly basis beginning November 13, 2024 until August 13, 2026.

(iii) Vesting equally on a quarterly basis beginning October 1, 2025 until July 1, 2026.

(iv) Vesting equally over three years on each anniversary date.

(v) Vesting equally on April 1, 2026, April 1, 2027 and April 1, 2028.

(vi) Vesting equally on a quarterly basis beginning November 13, 2025 until August 13, 2026.

The following table outlines the Units issued upon settlement of vested RUs to certain officers of the Trust during the year ended December 31, 2025:

	Units Issued on Settlement of Restricted Units Year ended December 31, 2025
Restricted Units Grant Date:	
November 22, 2022	950
December 21, 2023	2,547
August 13, 2024	26,613
July 1, 2025	13,829
November 10, 2025	1,035
Total	44,974

Reimbursement

On July 9, 2024, based on the initial information at the start of the investigation into irregular expenses, the former external manager reimbursed the Trust for \$5,501 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 the former external manager 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 the former external manager. Subsequent to August 6, 2024 the investigation concluded and no additional items were identified as requiring adjustment.

NOTE 22 | SEGMENT INFORMATION

The chief operating decision-maker, determined to be the Chief Executive Officer of the Trust, reviews financial information presented on a consolidated basis to allocate resources, evaluate financial performance and make overall operating decisions. As such, the Trust has concluded that it operates as one segment, primarily focused on acquiring royalty assets.

The Trust's segment earnings are composed of royalty income. The Trust attributes its royalty income to individual countries by reference to the countries where the products underlying its royalty agreements are sold. The Trust is not entitled to such country-by-country information for each of its royalty streams; as such, the Trust attributes its income to geographies for which it has reliable information, namely the United States, which represents its largest geographic market, the European Union, Japan and the rest of the world.

The Trust's non-current assets are composed of its royalty assets. Similar to royalty income, the Trust attributes its royalty assets by reference to the countries where the products underlying its royalty agreements are expected to be sold. This allocation is done at the time of the acquisition of the royalty agreement and is not subsequently revised to take into consideration changes in consumption over the life of the asset.

The presentation of geographic information for royalty assets is not feasible, as the net book value of the Trust's royalty assets is not directly correlated to the royalty entitlements from various geographies.

The following table provides the estimated geographical information on the Trust's royalty income for the years ended December 31, 2025 and 2024. In certain circumstances, the Trust does not have access to the underlying geographical information of its royalty income. In such cases, the Trust has allocated its royalty income to geographies using internally forecasted sales of the underlying products by geography.

	Royalty income	
	Year ended December 31, 2025	Year ended December 31, 2024
United States	\$ 150,639	\$ 149,737
European Union	21,565	14,876
Japan	369	524
Rest of the world	16,351	19,575
	\$ 188,924	\$ 184,712

The Trust earns royalty income from individual counterparties. These counterparties are composed primarily of marketers of the underlying products in the pharmaceutical and life science industries. For the year ended December 31, 2025, the Trust earned royalty income of 80% from the top five counterparties in 2025. For the year ended December 31, 2024, the Trust earned royalty income of 78% from the top five counterparties in 2024.

The following table details the Trust's royalty income for the year ended December 31, 2025 for the top five counterparties in 2025:

	Royalty Income	
	Year ended December 31, 2025	
Top Counterparty 1	\$ 75,674	40%
Top Counterparty 2	33,623	18%
Top Counterparty 3	14,745	8%
Top Counterparty 4	14,075	7%
Top Counterparty 5	13,272	7%
Other	37,535	20%
Total	\$ 188,924	100%

The following table details the Trust's royalty income for the year ended December 31, 2024 for the top five counterparties in 2024:

	Royalty Income	
	Year ended December 31, 2024	
Top Counterparty 1	\$ 65,439	35%
Top Counterparty 2	37,774	20%
Top Counterparty 3	15,166	8%
Top Counterparty 4	14,712	8%
Top Counterparty 5	11,317	7%
Other	40,304	22%
Total	\$ 184,712	100%

NOTE 23 | 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 Persis Capital Inc. (formerly DRI Capital Inc.), DRI Healthcare Trust, Behzad Khosrowshahi, former CEO of Persis Capital Inc. and the Trust and Chris Anastasopoulos, the former CFO of Persis Capital Inc. and the 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).

In connection with the internalization described in note 21, the former external manager agreed to fully indemnify the Trust against the damages arising from the legal proceeding described above and the matters described in note 2. No amounts have been accrued as of December 31, 2025.

Subsequent to December 31, 2025, a settlement of C\$8,000 was reached among the parties in the legal proceeding described above. The former external manager has agreed to pay the full settlement amount. The settlement is subject to court approval.

NOTE 24 | SUBSEQUENT EVENTS

NCIB repurchases

From the period of January 1, 2026 to March 3, 2026, the Trust acquired 75,938 Units under the May 2025 NCIB plan at an average price of \$11.31, totaling \$859 under the AUPP, as described in note 9.

2026 first quarter distribution declared

On March 3, 2026, the board of trustees of the Trust declared a quarterly distribution of \$0.1100 per Unit to Unitholders of record as at March 31, 2026 and payable on April 20, 2026.

Preferred Securities

On February 10, 2026, the Trust entered into an agreement with a private placement investor to partially purchase and cancel \$9,924 in face value of the 2024 Preferred Securities for \$9,825. The Trust paid outstanding accrued interest on the \$9,924 face value up to February 10, 2026, the date of the transaction. The terms of the remaining 2024 Preferred Securities remain unchanged.

On February 27, 2026, the Trust entered into subscription agreements with the holders of its outstanding 2024 Preferred Securities, pursuant to which the Trust agreed to issue Debentures to the holders, as described in note 8. The purchase price for the Debentures will be exclusively satisfied by the holders exchanging their 2024 Preferred Securities with a principal amount equal to approximately \$79,698. No cash consideration will be paid by the holders of the 2024 Preferred Securities. The Offering is subject to approval of the TSX and other customary closing conditions. Upon closing of the Offering, an aggregate principal amount of \$35,580 of the 2024 Preferred Securities will remain issued and outstanding.

INVESTOR INFORMATION

Traded Units

The Trust's Units are traded on the Toronto Stock Exchange.

Trading Symbols

Canadian dollars: DHT.UN
U.S. dollars: DHT.U

Registrar and Transfer Agent

Computershare
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1

All questions related to unit certificates or distribution receipts should be directed to the Registrar and Transfer Agent.

Investor Relations

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Investor requests for copies of quarterly or annual reports and information about the company should be directed to the Investor Relations team.

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