ROYALTY PHARMA

PRE-QUARTERLY RESULTS COMMUNICATION

NEW YORK, NY, July 9, 2021 - Royalty Pharma plc (Nasdaq: RPRX) intends to announce its financial results for the second quarter of 2021 on August 11, 2021. An invitation for the results webcast will follow shortly. To assist in the financial modeling of its second quarter of 2021 results, the company has compiled the following items.

Non-GAAP Financial Measures

Royalty Pharma focuses on certain non-GAAP financial measures to manage its business. These measures, which are presented as supplemental measures to GAAP financial performance, include Adjusted Cash Receipts, Adjusted EBITDA and Adjusted Cash Flow.

Royalty Pharma believes these non-GAAP financial measures provide meaningful information on the company's ability to generate cash from operations and on its liquidity. In addition, they can help to identify underlying trends in the business and permit investors to more fully understand how management assesses the performance of the company, including planning and forecasting for future periods (see section 'Use of Non-GAAP Financial Measures').

Second Quarter 2020 Non-GAAP Financial Data

Table 1 sets out historical non-GAAP financial data for the second quarter of 2020, which will form the basis for comparison of the second quarter 2021 non-GAAP financial results. For reference, the historical non-GAAP financial data for the first quarter of 2021 is also included.

Additional historical non-GAAP financial measures and the respective GAAP to non-GAAP reconciliations for the second quarter of 2020 and first quarter of 2021 can be found under the section 'Historical Non-GAAP Financials'.

Table 1 – Non-GAAP Financial Measures - Second Quarter 2020 and First Quarter 2021 (Unaudited)

($ in millions)	Second Quarter 2020	First Quarter 2021
Net cash provided by operating activities (GAAP)	**489**	**526**
Royalty Receipts		
Cystic fibrosis franchise	136	167
Imbruvica	82	89
Tysabri	93	87
HIV franchise	65	46
Promacta	27	44
Xtandi	34	41
Januvia, Janumet, Other DPP-IVs	35	36
Nurtec ODT/Biohaven payments*	-	17
Prevymis	6	9
Farxiga/Onglyza	8	9
Crysvita	3	4
Emgality	2	3
Erleada	2	3
IDHIFA	-	3
Trodelvy	-	3
Evrysdi	-	2
Tazverik	-	0
Other products[3]	93	88
Total Royalty Receipts	**585**	**649**
Distributions to non-controlling interest	(123)	(126)
Adjusted Cash Receipts (Non-GAAP)[1]	**462**	**524**
Payments for operating and professional costs	(44)	(42)
Adjusted EBITDA (Non-GAAP)[4]	**418**	**482**
Ongoing development-stage funding payments	(6)	(3)
Interest paid, net	(31)	(63)
Investments in non-consolidated affiliates	(16)	(9)
Contributions from non-controlling interest- R&D	4	2
Adjusted Cash Flow (Non-GAAP)[2]	**$369**	**$409**

Amounts shown in the table may not add due to rounding.

For footnote references, see 'Notes' on page 10.

*Includes royalty receipts for Nurtec ODT of $1 million and the redemption of the Series A Biohaven Preferred Shares of $16 million (presented as proceeds from available for sale debt securities on the Statement of Cash Flows).

Net Cash Provided by Operating Activities (GAAP)

Net cash provided by operating activities (GAAP) is a subtotal directly from our Statement of Cash Flows. Table 4 under 'Historical Non-GAAP Financials' provides reconciliations of our non-GAAP financial measures to their most comparable GAAP financial measures for the second quarter of 2020 and the first quarter of 2021, in each case being net cash provided by operating activities.

Adjusted Cash Receipts (Non-GAAP)[(1)]

Adjusted Cash Receipts comprise the cash royalties received from the marketers of therapies in which the company holds royalty rights, less distributions to non-controlling interest:

- Royalty receipts lag product performance by one quarter and can be estimated by applying the company's publicly disclosed royalty rate to the preceding quarter's marketer-announced net revenues on a product-by-product basis. For example, the royalty received by Royalty Pharma on Imbruvica in the second quarter of 2021 reflected worldwide net sales of the product in the first quarter of 2021 ($1,679 million based on reported results from AbbVie and Johnson & Johnson) and the tiered mid-single digit royalty rate on worldwide net sales. Tables 2 and 3 set out the reported performance of key products in the first quarter of 2021 and the royalty rates, where disclosed.
- In instances where royalty rates are tiered, royalty rates typically reset at the beginning of the year and lower royalty rates may apply in the earlier quarters of the year until pre-specified sales thresholds have been reached. As a result, royalty rates for certain products or franchises (such as HIV, Promacta and Cystic fibrosis) have the potential to increase during the course of the calendar year, with second quarter royalty receipts often including royalties on sales at the lowest royalty tier and the first quarter royalty receipts including sales at a higher royalty tier.
- Non-controlling interest represents the share of royalties from substantially all pre-IPO investments which will be paid out to legacy investors. Further detail is provided under the section 'Non-controlling interest.' In the first quarter of 2021, distributions to non-controlling interest amounted to $126 million on an as reported basis.

In the first quarter of 2021, royalty receipts from the HIV franchise, which includes the emtricitabine portion of certain products marketed by Gilead, such as Biktarvy, Descovy, Genvoya and Truvada, among others, were $46 million, a decrease of 45% compared to the first quarter of 2020. This decrease was driven by a decline in sales volumes of Truvada and Atripla following loss of exclusivity in the United States in October 2020 as well as a lower percentage of combination sales attributable to emtricitabine in the United States. As noted on the first-quarter financial results conference call, "we expect similar dynamics to impact the HIV franchise in the second quarter leading to year over year declines".

In part to reflect the royalty outlook on the HIV franchise, Royalty Pharma noted on its first-quarter financial results conference call, "Looking forward to the second quarter, we expect Adjusted Cash Receipts excluding new investments to be at a similar level as the second quarter of last year" (link: Q1 2021 Financial Results transcript).

In April 2021, Royalty Pharma announced that it acquired a royalty interest (effective March 31, 2021) in the cabozantinib products Cabometyx and Cometriq from GlaxoSmithKline. Royalties on the first quarter

of 2021 worldwide sales of these products will be included in Adjusted Cash Receipts for the second quarter of 2021.

In April 2021, Royalty Pharma announced that it acquired a royalty interest in Oxlumo (lumasiran) from Dicerna Pharmaceuticals. Royalties on sales of Oxlumo will be recorded in Adjusted Cash Receipts beginning in the third quarter of 2021 (based on second quarter of 2021 sales).

Table 2 – Net Sales Performance of Key Products - First Quarter 2021 (Unaudited)

($ in millions)	Marketing Company	Revenues First Quarter 2021	% change year/year
Products			
Cystic fibrosis franchise	Vertex	1,723	14
Imbruvica	AbbVie, Johnson & Johnson	1,679[(1)]	7
Tysabri	Biogen	503	(4)
HIV franchise	Gilead, others	3,650[(2)]	(12)
Promacta	Novartis	463	15
Xtandi	Pfizer, Astellas	1,091[(3)]	13
Januvia, Janumet, other DPP-IVs	Merck & Co., others	1,295[(4)]	1
Nurtec ODT	Biohaven	44	n/a
Prevymis	Merck & Co.	82	37
Farxiga/Onglyza	AstraZeneca	725	33
Crysvita	Ultragenyx, Kyowa Kirin	42[(5)]	61
Emgality	Eli Lilly	120	61
Erleada	Johnson & Johnson	261	83
Trodelvy	Gilead	72	n/a
Evrysdi	Roche	88[(6)]	n/a
Tazverik	Epizyme	6	n/a
Cabometyx/Cometriq	Exelixis, Ipsen, Takeda	328[(7)]	17
Orladeyo	BioCryst	11	n/a

(1) AbbVie reported U.S. revenues of $999 million (+3.3% year/year); Johnson & Johnson reported international revenues of $680 million (+13.5% year/year).

(2) HIV revenues shown for Gilead's HIV franchise; Royalty Pharma is entitled to royalties on products that contain emtricitabine.

(3) Xtandi revenues of 115.7 billion Japanese yen translated at an average U.S. dollar exchange rate of 106.1; year-over-year growth as reported by Astellas in Japanese yen. Xtandi growth rate in U.S. dollars in first quarter of 2021 calculated to be 16% using the average U.S. dollar to Japanese yen exchange rate of 109.0 in the first quarter of 2020 and 106.1 in the first quarter of 2021.

(4) Januvia, Janumet, Other DPP-IVs include the following approved products: Tradjenta, Onglyza, Kombiglyze, Galvus, Eucreas and Nesina. The other DPP-IVs are marketed by Boehringer Ingelheim, AstraZeneca, Novartis and Takeda. DPP-IV revenues represented in this table include Merck's Januvia and Janumet revenues.

(5) Kyowa Kirin reported EMEA revenues of 4.5 billion Japanese yen translated from Japanese yen at average U.S. dollar exchange rate of 106.1; year-over-year growth calculated based on Kyowa Kirin Q1 2020 reported sales in Japanese yen. Crysvita growth rate in U.S. dollars in first quarter of 2021 calculated to be 65% using the average U.S. dollar to Japanese yen exchange rate of 109.0 in the first quarter of 2020 and 106.1 in the first quarter of 2021.

(6) Roche global revenues of 80 million Swiss francs translated from Swiss francs at average U.S. dollar exchange rate of 0.91.

(7) Includes Ipsen revenues of €83.3 million translated at an average U.S. dollar exchange rate of 0.83. Growth rate in U.S. dollars in first quarter of 2021 calculated to be 17% using the average U.S. dollar to Euro exchange rate of 0.91 in the first quarter of 2020 and 0.83 in the first quarter of 2021. Excludes Takeda revenues as they are not disclosed.

Table 3 – Public Disclosures of Royalty Rates by Product

Product	Estimated Royalty Expiration[1]	Royalty Rate[2]
Cystic fibrosis franchise	2037[3]	For combination therapies, sales are allocated equally to each of the active pharmaceutical ingredients; tiered royalties ranging from single digit to sub-teen percentages on annual worldwide net sales of ivacaftor, lumacaftor and tezacaftor, and mid-single digit percentages on annual worldwide net sales of elexacaftor
Imbruvica	2027-2029	Tiered royalties in the mid-single digits on annual worldwide net sales
Tysabri	Perpetual	Contingent payments of 18% on annual worldwide net sales up to $2.0 billion and 25% on annual worldwide net sales above $2.0 billion
HIV franchise	2021[4]	Royalties in the single digit percentages on annual worldwide net sales varying by product depending on contribution of emtricitabine to the total
Promacta	2025-2028	Tiered royalty ranging from 4.7% to 9.4% on annual worldwide net sales
Xtandi	2027-2028	Royalties slightly less than 4% on annual worldwide net sales
Januvia and Janumet	2022	Royalties in the low single digit percentages on annual worldwide net sales
Nurtec ODT and zavegepant	2034-2036	2.1% royalty on annual combined worldwide net sales up to $1.5 billion and 1.5% on annual combined worldwide net sales above $1.5 billion. 0.4% incremental royalty on all Nurtec ODT worldwide net sales and up to 3.0% incremental royalty on zavegepant worldwide net sales
Prevymis	2029	Low double-digit royalty on annual worldwide net sales up to $300 million
Crysvita	2033-2038[5]	10% royalty on EU, UK and Switzerland annual net sales
Emgality	2033	Low single-digit royalties on annual worldwide net sales
Erleada	2032	Low single-digit royalties on annual worldwide net sales
IDHIFA	2033-2037[6]	Tiered royalties in the low double-digits to mid-teens based on annual worldwide sales
Trodelvy	Perpetual	4.15% royalty on annual worldwide net sales up to $2 billion, declining stepwise based on sales tiers to 1.75% on annual worldwide net sales above $6 billion
Evrysdi	2030-2035[7]	Total royalties are tiered at 8% on worldwide net sales up to $500 million, 11% on net sales between $500 million and $1 billion, 14% on net sales between $1 billion and $2 billion, 16% on net sales over $2 billion; Royalty Pharma is entitled to approximately 43% of total royalties
Tazverik	2034[8]	Royalties in the mid-teen percentages on annual worldwide net sales, stepping down on annual worldwide net sales above certain sales thresholds
Cabometyx/Cometriq	2026-2029[9]	3% royalty on worldwide net sales
Orladeyo	2035-2039[10]	8.75% on direct annual net sales of up to $350 million, 2.75% on sales between $350 million and $550 million, no royalty on sales over $550 million; tiered percentage of sublicense revenue in certain territories

Notes:
(1) Dates shown represent management's estimates of when a royalty will substantially end, which may depend on patent expiration dates (which may include patent term extensions) or other factors and may vary by geography. Royalty expiration dates can change due to patent, regulatory, commercial or other developments. There can be no assurances that our royalties will expire when expected.
(2) The royalties in our portfolio are subject to the underlying contractual agreements from which they arise and may be subject to reductions or other adjustments in accordance with the terms of such agreements.
(3) Royalty is perpetual; year shown represents Trikafta expected patent expiration and potential sales decline based on generic entry.
(4) Represents patent expiration date in the United States as patents in major jurisdictions outside the United States have expired.
(5) Royalties expire when we receive aggregate royalties equal to $608 million if that happens prior to December 31, 2030, and otherwise when we receive aggregate royalties of $800 million.
(6) Represents estimated patent expiration dates in the United States and Europe, respectively.
(7) Key patents on Evrysdi in the United States expire in 2035, but our royalty will cease when aggregate royalties paid to us equal $1.3 billion.
(8) Represents the estimated patent expiration date in the United States.
(9) Reflects royalties on cabozantinib products' net sales in the United States through September 2026, after which U.S. royalties will remain with GSK; royalties on net sales in non-U.S. markets are applicable through the full term of the royalty.
(10) Royalty is perpetual; years shown represent estimated United States patent expiration for Orladeyo and potential sales decline based on generic entry.

Adjusted EBITDA (Non-GAAP)[4]

Adjusted EBITDA is a non-GAAP measure used by Royalty Pharma which comprises Adjusted Cash Receipts less payments for operating and professional costs. In the first quarter of 2021, payments for operating and professional costs were $42 million (8.0% of Adjusted Cash Receipts).

Adjusted Cash Flow (Non-GAAP)[2]

Adjusted Cash Flow is a non-GAAP measure which is comprised of Adjusted EBITDA less ongoing development-stage funding payments, net interest paid, investments in non-consolidated affiliates and contributions from non-controlling interest:

- In the first quarter of 2021, ongoing development-stage R&D funding payments declined to $3 million, as compared to $8 million in the first quarter of 2020.
- Net interest paid reflects the weighted average cost of borrowings and the company's capital structure. Based on the semi-annual interest payment schedule of Royalty Pharma's existing bonds, interest paid was $64 million in the first quarter and is anticipated to be $64 million in the third quarter and *de minimis* in the second and fourth quarters. This projection assumes no additional debt financing in 2021.

Liquidity and Capital Resources

As of March 31, 2021, Royalty Pharma had cash, cash equivalents and marketable securities in the amount of $1.8 billion and $5.8 billion of long-term debt outstanding, consisting of senior unsecured notes that were issued in an aggregate principal amount of $6.0 billion.

Two transactions took place in the second quarter, resulting in a cash outflow of $180 million in the period:

- On April 18, 2021, Royalty Pharma announced an agreement to acquire Dicerna's royalty interest in Oxlumo. The agreement included an upfront payment of $180 million and up to $60 million in contingent sales-based milestone payments. Oxlumo, which has been approved by the U.S. Food and Drug Administration and European Medicines Agency for the treatment of primary hyperoxaluria (PH) type 1, is marketed by Alnylam Pharmaceuticals (link: Royalty Pharma Oxlumo Press Release).
- On June 2, 2021, Royalty Pharma announced a $2.025 billion strategic funding partnership with MorphoSys as part of MorphoSys' $1.7 billion acquisition of Constellation Pharmaceuticals. The funding partnership is anchored by Royalty Pharma's acquisition of MorphoSys' rights to receive future royalties on Janssen's Tremfya (guselkumab), which is approved for the treatment of adults living with moderate to severe plaque psoriasis, and for adults with active psoriatic arthritis (2020 sales: $1.347 billion). In addition, Royalty Pharma will acquire the rights to receive royalties and certain milestone payments on four development-stage therapies (gantenerumab, otilimab, pelabresib and CPI-0209) and will provide MorphoSys with access to up to $350 million in Development Funding Bonds. The transaction is contingent on the closing of MorphoSys' acquisition of Constellation, which is expected in the third quarter of 2021 (link: Royalty Pharma MorphoSys Press Release). Therefore, there will be no impact on Adjusted Cash Flow related to this transaction in the second quarter of 2021.

Historical Non-GAAP Financials

Table 4 – GAAP to Non-GAAP Reconciliations - Second Quarter 2020 and First Quarter 2021

(*$ in millions*)	Second Quarter 2020	First Quarter 2021
Net cash provided by operating activities (GAAP)	**489**	**526**
Adjustments:		
Distributions from non-consolidated affiliates - investing[5]	15	-
Proceeds from available for sale debt securities[5][8]	-	16
Interest paid, net[5]	31	63
Ongoing development-stage funding payments[6]	6	3
Payments for operating and professional costs	44	42
Distributions to non-controlling interest[5]	(123)	(126)
Adjusted Cash Receipts (non-GAAP)	**$462**	**$524**
Net cash provided by operating activities (GAAP)	489	526
Adjustments:		
Distributions from non-consolidated affiliates - investing[5]	15	-
Proceeds from available for sale debt securities[5][8]	-	16
Interest paid, net[5]	31	63
Ongoing development-stage funding payments[6]	6	3
Distributions to non-controlling interest[5]	(123)	(126)
Adjusted EBITDA (non-GAAP)	**$418**	**$482**
Net cash provided by operating activities (GAAP)	489	526
Adjustments:		
Distributions from non-consolidated affiliates - investing[5]	15	-
Proceeds from available for sale debt securities[5][8]	-	16
Contribution from non-controlling interest – R&D[5]	4	2
Distributions to non-controlling interest[5]	(123)	(126)
Investments in non-consolidated affiliates[5][7]	(16)	(9)
Adjusted Cash Flow (non-GAAP)	**$369**	**$409**

Amounts may not add due to rounding

For footnote references, see 'Notes' on page 10.

Non-Controlling Interest

Royalty Pharma includes a number of non-controlling interests (NCI) in its financial statements.

The largest of these impacting the non-GAAP financial measures is a 17.6% interest in substantially all pre-IPO investments held by some legacy investors. These legacy investors will not participate in acquisitions of royalties going forward. The interests of these legacy investors in our royalties will exist through the life of our pre-IPO investments, but will decline over time as a percentage of our royalty receipts as products expire and we acquire new royalties.

The NCI contribution as a percent of our royalty receipts for the first quarter of 2021 is indicated below.

Table 5 – Percentage of Royalty Receipts Allocated to Non-Controlling Interest - First Quarter 2021

Products	First quarter 2021 NCI as a % of Royalty Receipts
Cystic fibrosis franchise[1]	15.4%
Imbruvica	17.6%
Tysabri	17.6%
HIV franchise	34.1%
Promacta	17.6%
Xtandi	17.6%
Januvia, Janumet, Other DPP-IVs	34.1%
Nurtec ODT/Biohaven payment[1]	17.4%
Prevymis	0.0%
Farxiga/Onglyza	17.6%
Crysvita	17.6%
Emgality	17.6%
Erleada	17.6%
IDHIFA	0.0%
Trodelvy	17.6%
Evrysdi	0.0%
Tazverik	17.6%
Other products (blended)[2]	22.1%

(1) Cystic fibrosis franchise and Nurtec ODT NCI % figures represent a blend across multiple royalty interests. For subsequent quarters of the year, distributions to NCI as a percent of royalty receipts are expected to be 17.6% for the cystic fibrosis franchise.

(2) Represents a weighted blend of distributions to non-controlling interest for royalties in other products.

Use of Non-GAAP Measures

Adjusted Cash Receipts, Adjusted EBITDA and Adjusted Cash Flow are non-GAAP measures presented as supplemental measures to our GAAP financial performance. These non-GAAP financial measures exclude the impact of certain items and therefore have not been calculated in accordance with GAAP. In each case, because our operating performance is a function of our liquidity, the non-GAAP measures used by management are presented and defined as supplemental liquidity measures. We caution readers that amounts presented in accordance with our definitions of Adjusted Cash Receipts, Adjusted EBITDA, and Adjusted Cash Flow may not be the same as similar measures used by other companies. Not all companies and analysts calculate the non-GAAP measures we use in the same manner. We compensate for these limitations by using non-GAAP financial measures as supplements to GAAP financial measures and by presenting the reconciliations of the non-GAAP financial measures to their most comparable GAAP financial measures, in each case being *Net cash provided by operating activities*.

Adjusted Cash Receipts is a measure calculated with inputs directly from the Statement of Cash Flows and includes (1) Royalty Receipts: (i) Cash collections from royalty assets (financial assets and intangible assets), (ii) *Other royalty cash collections*, (iii) *Distributions from non-consolidated affiliates*, plus (2) *Proceeds from available for sale debt securities*, and less (3) *Distributions to non-controlling interest*.

Adjusted EBITDA is important to our lenders and is defined under the credit agreement as Adjusted Cash Receipts less Payments for operating and professional costs. Operating and professional costs are comprised of *Payments for operating and professional costs* and *Payments for rebates* from the Statement of Cash Flows.

Adjusted Cash Flow is defined as Adjusted EBITDA less (1) Ongoing *development-stage funding payments*, (2) Interest paid, net, (3) Derivative collateral (posted) or received, net, (4) *Derivative termination payments,* and (5) *Investments in non-consolidated affiliates*, and plus (1) *Contributions from non-controlling interest- R&D*, all directly reconcilable to the Statement of Cash Flows.

We believe that Adjusted Cash Receipts and Adjusted Cash Flow provide meaningful information about our operating performance because the business is heavily reliant on its ability to generate consistent cash flows and these measures reflect the core cash collections and cash charges comprising our operating results. Management strongly believes that our significant operating cash flow is one of the attributes that attracts potential investors to our business.

In addition, we believe that Adjusted Cash Receipts and Adjusted Cash Flow help identify underlying trends in the business and permit investors to more fully understand how management assesses the performance of the company, including planning and forecasting for future periods. Adjusted Cash Receipts and Adjusted Cash Flow are used by management as key liquidity measures in the evaluation of the company's ability to generate cash from operations. Both measures are an indication of the strength of the company and the performance of the business. Management uses Adjusted Cash Receipts and Adjusted Cash Flow when considering available cash, including for decision-making purposes related to funding of acquisitions, voluntary debt repayments, dividends and other discretionary investments. Further, these non-GAAP financial measures help management, the Audit Committee, and investors evaluate the company's ability to generate liquidity from operating activities.

Management believes that Adjusted EBITDA is an important non-GAAP measure in analyzing our liquidity and is a key component of certain material covenants contained under our debt agreements. Noncompliance with the interest coverage ratio and leverage ratio covenants under the credit agreement could result in our lenders requiring the company to immediately repay all amounts

borrowed. If we cannot satisfy these financial covenants, we would be prohibited under our credit agreement from engaging in certain activities, such as incurring additional indebtedness, paying dividends, making certain payments, and acquiring and disposing of assets. Consequently, Adjusted EBITDA is critical to the assessment of our liquidity.

Management uses Adjusted Cash Flow to evaluate its ability to generate cash and performance of the business and to evaluate the company's performance as compared to its peer group. Management also uses Adjusted Cash Flow to compare its performance against non-GAAP adjusted net income measures used by many companies in the biopharmaceutical industry, even though each company may customize its own calculation and therefore one company's metric may not be directly comparable to another's. We believe that non-GAAP financial measures, including Adjusted Cash Flow, are frequently used by securities analysts, investors, and other interested parties to evaluate companies in our industry.

The non-GAAP financial measures used in this release have limitations as analytical tools, and you should not consider them in isolation or as a substitute for the analysis of our results as reported under GAAP.

Notes

(1) Adjusted Cash Receipts is a measure calculated with inputs directly from the Statement of Cash Flows and includes (1) Royalty Receipts: (i) Cash collections from royalty assets (financial assets and intangible assets), (ii) *Other royalty cash collections*, (iii) *Distributions from non-consolidated affiliates*, plus (2) *Proceeds from available for sale debt securities*, and less (3) *Distributions to non-controlling interest*, which represents distributions to our historical non-controlling interest attributable to a de minimis interest in RPCT held by certain legacy investors and to non-controlling interest that was created as a result of the Exchange Offer Transactions in February 2020 related to the Legacy Investors Partnerships' ownership of approximately 18% in Old RPI. See our Annual Report on Form 10-K filed with the SEC on February 24, 2021 for additional discussion. See GAAP to Non-GAAP reconciliation at Table 4.

(2) Adjusted Cash Flow is defined as Adjusted EBITDA less (1) *Ongoing development-stage funding payments*, (2) Interest paid, net, (3) Derivative collateral (posted) or received, net, (4) *Derivative termination payments*, and (5) *Investments in non-consolidated affiliates*, and plus (1) *Contributions from non-controlling interest- R&D*, all directly reconcilable to the Statement of Cash Flows. See GAAP to Non-GAAP reconciliation at Table 4.

(3) Other Products include royalties on the following products: Bosulif (a product co-developed by our joint venture investee, Avillion, for which receipts are presented as distributions received from non-consolidated affiliates on the Statement of Cash Flows), Cimzia, Conbriza/Fablyn/Viviant, Entyvio, Letairis, Lexiscan, Lyrica, Mircera, Myozyme, Nesina, Priligy, Soliqua, Prezista, Thalomid, Orladeyo and contributions from the Legacy SLP Interest. Other Products also include a distribution from Avillion in respect of the Merck KGaA Asset, for which development ceased in 2020, and for which the receipt is presented as *Distributions received from non-consolidated affiliates* in both the operating and investing section of the Statement of Cash Flows.

(4) Adjusted EBITDA is important to our lenders and is defined under the credit agreement Adjusted Cash Receipts less Payments for operating and professional costs. Payments for operating and

professional costs are comprised of *Payments for operating and professional costs* and *Payments for rebates* from the Statement of Cash Flows. See GAAP to Non-GAAP reconciliation at Table 4.
(5) The table below shows the line item for each adjustment and the direct location for such line item on the Statement of Cash Flows.

Reconciling adjustment	Statement of Cash Flows classification
Proceeds from available for sale debt securities	Investing activities
Investments in non-consolidated affiliates	Investing activities
Distributions to non-controlling interest	Financing activities
Interest paid, net	Operating activities (*Interest paid* less *Interest received*)
Contribution from non-controlling interest – R&D	Financing activities
Distributions from non-consolidated affiliates – investing	Investing activities

(6) Our lenders consider all payments made to support R&D activities for products undergoing late-stage development similar to asset acquisitions as these funds are expected to generate operational returns in the future. All ongoing and upfront development-stage funding payments are reported in R&D funding expense in net income and are added back in aggregate to Net cash provided by operating activities to arrive at Adjusted EBITDA. As a result, Adjusted EBITDA captures the full add-back for R&D funding payments while Adjusted Cash Flow only reflects the add-back for the upfront portion of development-stage funding payments due to the fact that ongoing development-stage funding payments are considered an ongoing business expense.

(7) We consider all payments to fund our operating joint ventures that are performing research and development activities for products undergoing late-stage development similar to asset acquisitions as these funds are expected to generate operational returns in the future. As a result, amounts funded through capital calls by our equity method investees, the Avillion entities, are added back to Adjusted Cash Flow, but are not deducted in Adjusted EBITDA.

(8) Receipts from the redemption of Royalty Pharma's Series A Biohaven Preferred Shares are presented as *Proceeds from available for sale debt securities* on the Statement of Cash Flows.

About Royalty Pharma

Founded in 1996, Royalty Pharma is the largest buyer of biopharmaceutical royalties and a leading funder of innovation across the biopharmaceutical industry, collaborating with innovators from academic institutions, research hospitals and not-for-profits through small- and mid-cap biotechnology companies to leading global pharmaceutical companies. Royalty Pharma has assembled a portfolio of royalties which entitles it to payments based directly on the top-line sales of many of the industry's leading therapies. Royalty Pharma funds innovation in the biopharmaceutical industry both directly and indirectly - directly when it partners with companies to co-fund late-stage clinical trials and new product launches in exchange for future royalties, and indirectly when it acquires existing royalties from the original innovators. Royalty Pharma's current portfolio includes royalties on more than 45 commercial

products, including AbbVie and J&J's Imbruvica, Astellas and Pfizer's Xtandi, Biogen's Tysabri, Gilead's Trodelvy, Merck's Januvia, Novartis' Promacta, Vertex's Kalydeco, Orkambi, Symdeko and Trikafta, and five development-stage product candidates. For more information, visit www.royaltypharma.com.

Forward-Looking Statements

The information set forth herein does not purport to be complete or to contain all of the information you may desire. Statements contained herein are made as of the date of this document unless stated otherwise, and neither the delivery of this document at any time, nor any sale of securities, shall under any circumstances create an implication that the information contained herein is correct as of any time after such date or that information will be updated or revised to reflect information that subsequently becomes available or changes occurring after the date hereof.

This document contains statements that constitute "forward-looking statements" as that term is defined in the United States Private Securities Litigation Reform Act of 1995, including statements that express the company's opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results, in contrast with statements that reflect historical facts. Examples include discussion of our strategies, financing plans, growth opportunities and market growth. In some cases, you can identify such forward-looking statements by terminology such as "anticipate," "intend," "believe," "estimate," "plan," "seek," "project," "expect," "may," "will," "would," "could" or "should," the negative of these terms or similar expressions. Forward-looking statements are based on management's current beliefs and assumptions and on information currently available to the company. However, these forward-looking statements are not a guarantee of our performance, and you should not place undue reliance on such statements. Forward-looking statements are subject to many risks, uncertainties and other variable circumstances, and other factors. Such risks and uncertainties may cause the statements to be inaccurate and readers are cautioned not to place undue reliance on such statements. Many of these risks are outside of the company's control and could cause its actual results to differ materially from those it thought would occur. The forward-looking statements included in this document are made only as of the date hereof. The company does not undertake, and specifically declines, any obligation to update any such statements or to publicly announce the results of any revisions to any such statements to reflect future events or developments, except as required by law.

Certain information contained in this document relates to or is based on studies, publications, surveys and other data obtained from third-party sources and the company's own internal estimates and research. While the company believes these third-party sources to be reliable as of the date of this document, it has not independently verified, and makes no representation as to the adequacy, fairness, accuracy or completeness of, any information obtained from third-party sources. In addition, all of the market data included in this document involves a number of assumptions and limitations, and there can be no guarantee as to the accuracy or reliability of such assumptions. Finally, while the company believes its own internal research is reliable, such research has not been verified by any independent source.

For further information, please reference our reports and documents filed with the U.S. Securities and Exchange Commission (SEC). You may get these documents by visiting EDGAR on the SEC website at www.sec.gov.

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