

PRE-QUARTERLY RESULTS COMMUNICATION

NEW YORK, NY, October 3, 2022 - Royalty Pharma plc (Nasdaq: RPRX) intends to announce its financial results for the third quarter of 2022 on November 8, 2022. An invitation for the results webcast will follow shortly. To assist in the financial modeling of its third quarter of 2022 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').

Third Quarter 2021 Non-GAAP Financial Data

Table 1 sets out historical non-GAAP financial data for the third quarter of 2021, which will form the basis for comparison of the third quarter 2022 non-GAAP financial results. For reference, the historical non-GAAP financial data for the second quarter of 2022 is also included.

Additional historical non-GAAP financial measures and the respective GAAP to non-GAAP reconciliations for the third quarter of 2021 and second quarter of 2022 can be found under the section 'Historical Non-GAAP Financials.'

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Table 1 – Non-GAAP Financial Measures - Third Quarter 2021 and Second Quarter 2022 (Unaudited)

<i>(\$ in millions)</i>	Third Quarter 2021	Second Quarter 2022
Net cash provided by operating activities (GAAP)	470	575
Royalties:		
Cystic fibrosis franchise	183	182
Tysabri	96	93
Imbruvica	88	80
Xtandi	40	52
Januvia, Janumet, Other DPP-IVs	38	36
Promacta	48	35
Nurtec ODT/Biohaven payment*	18	19
Tremfya	17	18
Cabometyx/Cometriq	12	13
Farxiga/Onglyza	9	11
Prevymis	10	10
Evrysdi	6	8
Trodelyv	3	6
Crysvita	5	5
Erleada	4	5
Orladeyo	3	5
Emgality	5	4
Oxlumo	1	1
Other products ⁽³⁾	129	50
Total royalty receipts	712	633
Distributions to non-controlling interests	(125)	(109)
Adjusted Cash Receipts (non-GAAP)⁽¹⁾	587	524
Payments for operating and professional costs	(54)	(44)
Adjusted EBITDA (non-GAAP)⁽⁴⁾	533	480
Development-stage funding payments – ongoing	(1)	(1)
Development-stage funding payments – upfront and milestone	(90)	—
Interest (paid)/received, net	(65)	2
Investments in equity method investees	(11)	—
Contributions from non-controlling interests- R&D	2	0
Other	(18)	—
Adjusted Cash Flow (non-GAAP)⁽²⁾	351	482

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

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

* Quarterly redemption payments of \$16 million commenced in the first quarter of 2021 related to the Series A Biohaven Preferred Shares (presented as *Proceeds from available for sale debt securities* on the statement of cash flows). The remaining amounts are related to royalty receipts from Nurtec ODT.

Net Cash Provided by Operating Activities (GAAP)

Net cash provided by operating activities (GAAP) is a subtotal directly from our statements 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 third quarter of 2021 and the second quarter of 2022, 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 interests:

- 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 receipts received by Royalty Pharma on Imbruvica in the third quarter of 2022 reflected worldwide net sales of the product in the second quarter of 2022 (\$1,482 million based on reported results from AbbVie and Johnson & Johnson) and the tiered mid-single digit royalty rate on annual worldwide net sales. Tables 2 and 3 set out the reported performance of key products in the second quarter of 2022 and the royalty rates, where disclosed.
- In instances where royalty rates are tiered, they typically reset at the beginning of the year and lower 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 Promacta and the cystic fibrosis franchise) have the potential to increase during the course of the calendar year, with second quarter royalty receipts (reflecting first quarter sales) often including royalties on sales at the lowest royalty tier and first quarter royalty receipts (reflecting fourth quarter sales) often including sales at a higher royalty tier.
- Additionally, whereas the majority of our royalties are paid quarterly, royalties on certain products are paid annually or semi-annually, which may affect the sequential growth of quarterly Adjusted Cash Receipts. For example, the Entyvio and Soliqua royalties, which are recorded in other products, are generally paid in the first and third quarter of the year.

In the second quarter of 2022, royalty receipts of \$36 million from Januvia, Janumet and other DPP-IVs decreased 9% compared to the second quarter of 2021. Royalty receipts from Januvia, Janumet and other DPP-IVs substantially ended in the second quarter of 2022.

In the second quarter of 2022, royalty receipts of \$52 million from Xtandi increased 45% compared to the second quarter of 2021 and benefitted from a true-up of royalties from prior periods.

In the third quarter of 2021, Royalty Pharma recorded a one-time \$45 million milestone payment (\$37 million net of distribution to non-controlling interest) on Soliqua. Royalty Pharma does not expect to record a milestone payment related to Soliqua in the third quarter of 2022.

On July 13, 2022, Royalty Pharma announced the acquisition of a royalty interest in Trelegy from Theravance Biopharma and Innoviva. Royalties on Trelegy will be recorded in Adjusted Cash Receipts in the third quarter of 2022 and will be based on sales in the second quarter of 2022.

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Additionally, as discussed during Royalty Pharma's second quarter of 2022 earnings conference call, movements in foreign exchange are expected to represent an unfavorable impact on Adjusted Cash Receipts in 2022. Royalty Pharma described foreign exchange as negatively impacting growth in 2022 by -3% to -4%, or between -\$65 to -\$85 million, which assumed constant foreign exchange rates as of August 4, 2022 (the date of the second quarter earnings conference call) for the remainder of the year.

Table 2 – Net Sales Performance of Key Products - Second Quarter 2022 (Unaudited)

(\$ in millions)	Marketer(s)	Revenues Second Quarter 2022	% Change Year/Year
Approved Products			
Cystic fibrosis franchise	Vertex	2,196	22
Tysabri	Biogen	516	(2)
Imbruvica	AbbVie, Johnson & Johnson	1,482 ⁽¹⁾	(16)
Xtandi	Pfizer, Astellas	1,251 ⁽²⁾	22
Promacta	Novartis	534	4
Nurtec ODT	Biohaven, Pfizer	194 ⁽³⁾	nm
Tremfya	Johnson & Johnson	597	24
Cabometyx/Cometriq	Exelixis, Ipsen, Takeda	468 ⁽⁴⁾	21
Farxiga/Onglyza	AstraZeneca	1,174	41
Prevymis	Merck & Co.	103	11
Evrysdi	Roche	282 ⁽⁵⁾	65
Trodelvy	Gilead	159	79
Crysvita	Ultragenyx, Kyowa Kirin	55 ⁽⁶⁾	37
Erleada	Johnson & Johnson	450	50
Orladeyo	BioCryst	65	nm
Emgality	Lilly	158	1
Oxlumo	Alnylam	15	(9)
Trelegy	GSK	591 ⁽⁷⁾	60

(1) AbbVie reported U.S. revenues of \$862 million (-21.6% year/year); Johnson & Johnson reported international revenues of \$620 million (-6.3% year/year).

(2) Xtandi revenues represent Astellas' reported sales of 162.4 billion Japanese yen translated at an average U.S. dollar exchange rate of 129.84; Xtandi growth rate represents year-over-year growth as reported by Astellas in Japanese yen. Xtandi growth rate in U.S. dollars in second quarter of 2022 is 3% using the average U.S. dollar to Japanese yen exchange rate of 109.43 in the second quarter of 2021 and 129.84 in the second quarter of 2022.

(3) Nurtec ODT revenues represent Biohaven's reported net product revenue.

(4) Cabometyx/Cometriq revenues represent Ipsen's and Exelixis' reported sales; Takeda revenues are not included as they are not disclosed. Ipsen's reported revenues of €113.3 million in the second quarter of 2022 are translated at an average U.S. dollar exchange rate of 0.94. Cabometyx/Cometriq growth rate represents year-over-year growth calculated in U.S. dollars using the average U.S. dollar to Euro exchange rate of 0.83 in the second quarter of 2021 and 0.94 in the second quarter of 2022.

(5) Roche global revenues of 274 million Swiss francs translated from Swiss francs at an average U.S. dollar exchange rate of 0.97. Evrysdi growth rate represents year-over-year growth on a constant currency basis as reported by Roche. Evrysdi growth rate in U.S. dollars in second quarter of 2022 is 58% using the average U.S. dollar to Swiss franc exchange rate of 0.91 in the second quarter of 2021 and 0.97 in the second quarter of 2022.

(6) Crysvita revenues represent Kyowa Kirin's reported EMEA revenues of 7.1 billion Japanese yen translated at an average U.S. dollar exchange rate of 129.84; Crysvita growth rate represents year-over-year growth calculated in Japanese yen based on Kyowa Kirin second quarter of 2021 reported sales. Crysvita growth rate in U.S. dollars in second quarter of 2022 is 15% using the average U.S. dollar to Japanese yen exchange rate of 109.43 in the second quarter of 2021 and 129.84 in the second quarter of 2022.

(7) Trelegy revenues represent GSK's dollar translated product revenue. Trelegy growth rate represents year-over-year growth as reported by GSK in British pounds. Trelegy growth rate in U.S. dollars in second quarter of 2022 is 46% using dollar translated revenues provided by GSK.

Table 3 – Public Disclosures of Royalty Rates on Approved Products

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 subteen percentages on annual worldwide net sales of ivacaftor, lumacaftor and tezacaftor, and mid-single digit percentages on annual worldwide net sales of elexacaftor
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
Imbruvica	2027-2032	Tiered royalties in the mid-single digits on annual worldwide net sales
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
Nurtec ODT	2034-2036	2.1% royalty on annual combined worldwide net sales of Nurtec ODT and zavegepant 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.
Prevymis	2029	Low-double digit royalty on annual worldwide net sales up to \$300 million
Farxiga/Onglyza	2025	Payments to Royalty Pharma equivalent to low-single digit downward tiered royalty on annual worldwide net sales
Tremfya	2031-2032	Mid-single digit, tiered royalty on annual worldwide net sales
Cabometyx/Cometriq	2026-2029 ⁽⁴⁾	3% royalty on annual worldwide net sales
Crysvita	2033-2038 ⁽⁵⁾	10% royalty on EU, UK and Switzerland annual net sales
Evrysdi	2030-2035 ⁽⁶⁾	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
Emgality	2033	Low-single digit royalties on annual worldwide net sales
Erleada	2032	Low-single digit royalties on annual worldwide net 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 net sales above \$6 billion
Orladeyo	2036-2039 ⁽⁷⁾	9.50% on direct annual net sales of up to \$350 million, 4.50% on sales between \$350 million and \$550 million, no royalty on sales over \$550 million; tiered percentage of sublicense revenue in certain territories
Oxlumo	2034-2035	Royalties in the mid- to high-single digits based on annual worldwide net sales
Trelegy	2029-2030 ⁽⁸⁾	Royalties are tiered based on annual net sales at 6.5% up to \$750 million, 8.0% on sales between \$750 million and \$1.25 billion, 9.0% on sales between \$1.25 billion and \$2.25 billion, 10.0% over \$2.25 billion.

Notes: (1) Dates shown represent our estimates of when a royalty will substantially end, which may depend on clinical trial results, regulatory approvals, contractual terms, commercial developments, estimates of patent expiration dates (which may include estimated patent term extensions) or other factors and may vary by geography. 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 potential generic entry. (4) Royalties on net sales of cabozantinib products in the United States through September 2026 and non-U.S. markets through the full term of the royalty. (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) 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. (7) Royalty is perpetual; years shown represent estimated United States patent expiration for Orladeyo and potential sales decline based on generic entry. (8) Royalty Pharma will pay Theravance 85% of the royalties in respect of ex-U.S. net sales after June 30, 2029 and 85% of the royalties in respect of U.S. net sales after December 31, 2030.

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 second quarter of 2022, payments for operating and professional costs were \$44 million (representing 8.4% of Adjusted Cash Receipts).

Adjusted Cash Flow (non-GAAP)⁽²⁾

Adjusted Cash Flow is comprised of Adjusted EBITDA less Development-stage funding payments - ongoing, Development-stage funding payments - upfront and milestone, net interest paid and miscellaneous other items.

- Royalty Pharma expects to expense the \$25 million upfront development-stage funding payment related to amprelosetine, which was acquired as part of the Trelegy transaction, in our non-GAAP financial measures for the third quarter of 2022. In the second quarter of 2022, Royalty Pharma made no upfront and milestone development-stage funding payments. In the third quarter of 2021, Royalty Pharma recorded a \$90 million expense for upfront and milestone development-stage funding payments.
- Net interest paid reflects the weighted average cost of borrowing on the company's senior unsecured notes, partially offset by interest earned on cash. Based on the semi-annual interest payment schedule of Royalty Pharma's outstanding notes, interest paid is anticipated to be approximately \$83 million in the third quarter and a *de minimis* amount recorded in the fourth quarter of 2022, assuming no additional debt financings.
- In the third quarter of 2021, a \$16 million one-time cash payment related to the issuance of \$1.3 billion of senior unsecured notes in July 2021 was recorded.

Liquidity and Capital Resources

As of June 30, 2022, Royalty Pharma had cash, cash equivalents and marketable securities in the amount of \$2.4 billion and had long-term debt with principal value of \$7.3 billion.

On July 13, 2022, Royalty Pharma announced the acquisition of a royalty interest in Trelegy from Theravance Biopharma and Innoviva. This transaction resulted in a net cash outflow of approximately \$1.3 billion in the third quarter of 2022.

In July 2022, MorphoSys notified Royalty Pharma of its intention to draw \$300 million of the Development Funding Bonds, which was funded in the third quarter of 2022. Royalty Pharma expects to receive a return of 2.2 times the amount funded payable on a quarterly basis over nine years, with the first payment beginning in the fourth quarter of 2024.

Historical Non-GAAP Financials

Table 4 – GAAP to Non-GAAP Reconciliations - Third Quarter 2021 and Second Quarter 2022

(\$ in millions)	Third Quarter 2021	Second Quarter 2022
Net cash provided by operating activities (GAAP)	470	575
Adjustments:		
Proceeds from available for sale debt securities ⁽⁵⁾⁽⁶⁾	16	16
Interest paid/(received), net ⁽⁶⁾	65	(2)
Development-stage funding payments – ongoing ⁽⁷⁾	1	1
Development-stage funding payments – upfront and milestone ⁽⁷⁾	90	—
Payments for operating and professional costs	54	44
Termination payments on derivative instruments	16	—
Distributions to non-controlling interests ⁽⁶⁾	(125)	(109)
Derivative collateral posted, net ⁽⁶⁾	2	—
Adjusted Cash Receipts (non-GAAP)⁽¹⁾	587	524
Net cash provided by operating activities (GAAP)	470	575
Adjustments:		
Proceeds from available for sale debt securities ⁽⁵⁾⁽⁶⁾	16	16
Interest paid/(received), net ⁽⁶⁾	65	(2)
Development-stage funding payments – ongoing ⁽⁷⁾	1	1
Development-stage funding payments – upfront and milestone ⁽⁷⁾	90	—
Termination payments on derivative instruments	16	—
Distributions to non-controlling interests ⁽⁶⁾	(125)	(109)
Derivative collateral posted, net ⁽⁶⁾	2	—
Adjusted EBITDA (non-GAAP)⁽⁴⁾	533	480
Net cash provided by operating activities (GAAP)	470	575
Adjustments:		
Proceeds from available for sale debt securities ⁽⁵⁾⁽⁶⁾	16	16
Contributions from non-controlling interests – R&D ⁽⁶⁾	2	0
Distributions to non-controlling interests ⁽⁶⁾	(125)	(109)
Investments in equity method investees ⁽⁶⁾⁽⁸⁾	(11)	—
Adjusted Cash Flow (non-GAAP)⁽²⁾	351	482

Amounts may not add due to rounding.

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

Non-Controlling Interests

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 an approximately 17.6% interest in substantially all pre-IPO investments held by some legacy investors. These legacy investors no longer participate in acquisitions of royalties as of our June 2020 IPO. 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 Royalty Pharma acquires new royalties.

The NCI as a percent of our royalty receipts for the second quarter of 2022 is indicated below.

Table 5 – Percentage of Royalty Receipts Attributed to Non-Controlling Interests - Second Quarter 2022

Products	Second Quarter 2022 NCI as a % of Royalty Receipts
Cystic fibrosis franchise ⁽¹⁾	17.6%
Tysabri	17.6%
Imbruvica	17.6%
Xtandi	17.6%
Januvia, Janumet, Other DPP-IVs	34.1%
Promacta	17.6%
Nurtec ODT/Biohaven payment ⁽¹⁾	17.1%
Tremfya	0.0%
Cabometyx/Cometriq	0.0%
Farxiga/Onglyza	17.6%
Prevydis	0.0%
Evrysdi	0.0%
Trodelyv	17.6%
Crysvita	17.6%
Erleada	17.6%
Orladeyo	0.0%
Emgality	17.6%
Oxlumo	0.0%
Other products (blended)	21.0%
Total products (blended)	17.2%

(1) Cystic fibrosis franchise and Nurtec ODT NCI % figures represent a blend across multiple royalty interests.

Use of Non-GAAP Measures

Adjusted Cash Receipts, Adjusted EBITDA and Adjusted Cash Flow are non-GAAP measures presented as supplemental measures to Royalty Pharma's 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 operating performance is a function of liquidity, the non-GAAP measures used by management are presented and defined as supplemental liquidity measures. Royalty Pharma cautions readers that amounts presented in accordance with the 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 Royalty Pharma uses in the same manner. Royalty Pharma compensates 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*.

Royalty Pharma believes that Adjusted Cash Receipts and Adjusted Cash Flow provide meaningful information about its 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 its operating results. Management strongly believes that Royalty Pharma's significant operating cash flow is one of the attributes that attracts potential investors to its business.

In addition, Royalty Pharma believes 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 liquidity and is a key component of certain material covenants contained within the company's credit agreement. Noncompliance with the interest coverage ratio and leverage ratio covenants under the credit agreement could result in lenders requiring the company to immediately repay all amounts borrowed. If Royalty Pharma cannot satisfy these financial covenants, it would be prohibited under the 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 Royalty Pharma's liquidity.

Management uses Adjusted Cash Flow to evaluate its ability to generate cash from operations, the performance of the business and 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. Royalty Pharma believes that non-GAAP financial measures, including

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Adjusted Cash Flow, are frequently used by securities analysts, investors and other interested parties to evaluate companies in Royalty Pharma's 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 Royalty Pharma's results as reported under GAAP. The company has provided a reconciliation of each non-GAAP financial measure, except for its non-GAAP outlook to the most directly comparable GAAP financial measure, in each case being *Net cash provided by operating activities* at Table 4.

Notes

⁽¹⁾ Adjusted Cash Receipts is a measure calculated with inputs directly from the statements of cash flows and includes (1) royalty receipts by product: (i) cash collections from royalty assets (financial assets and intangible assets), (ii) *Other royalty cash collections*, (iii) *Distributions from equity method investees*, plus (2) *Proceeds from available for sale debt securities*, and less (1) *Distributions to non-controlling interests*, which represent contractual distributions of royalty receipts and proceeds from available for sale debt securities to the Company's historical non-controlling interests related to the Legacy Investors Partnerships and Royalty Pharma Select Finance Trust (RPSFT). See Royalty Pharma's Annual Report on Form 10-K filed with the SEC on February 15, 2022 for additional discussion. See GAAP to Non-GAAP reconciliation at Table 4.

⁽²⁾ Adjusted Cash Flow is defined as Adjusted EBITDA less (1) *Development-stage funding payments – ongoing*, (2) *Development-stage funding payments – upfront and milestone*, (3) *Interest paid*, net of *Interest received*, (4) *Investments in equity method investees* and (5) Other (including *Derivative collateral posted*, net of *Derivative collateral received* and *Termination payments on derivative instruments*), plus (1) *Contributions from non-controlling interests- R&D*, all directly reconcilable to the statements of cash flows. See GAAP to Non-GAAP reconciliation at Table 4.

⁽³⁾ Other products primarily include royalty receipts on the following products: Cimzia, Entyvio, HIV franchise, IDHIFA, Letairis, Lexiscan, Mircera, Myozyme, Nesina, Soliqua, Tazverik and contributions from the Legacy SLP Interest.

⁽⁴⁾ 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 reflect *Payments for operating and professional costs* from the statements of cash flows. See GAAP to Non-GAAP reconciliation at Table 4.

⁽⁵⁾ Receipts from the quarterly redemption of Royalty Pharma's Series A Biohaven Preferred Shares are presented as *Proceeds from available for sale debt securities* on the statements of cash flows.

⁽⁶⁾ The table below shows the line item for each adjustment and the direct location for such line item on the statements of cash flows.

Reconciling Adjustment	Statements of Cash Flows Classification
<i>Proceeds from available for sale debt securities</i>	Investing activities
<i>Investments in equity method investees</i>	Investing activities
<i>Distributions to non-controlling interests</i>	Financing activities
Interest paid/(received), net	Operating activities (<i>Interest paid less Interest received</i>)

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<i>Contributions from non-controlling interests – R&D</i>	Financing activities
Derivative collateral posted, net	Operating activities (<i>Derivative collateral received less Derivative collateral posted</i>)

⁽⁷⁾ Royalty Pharma’s lenders consider all payments made to support R&D activities for development-stage product candidates similar to asset acquisitions as these funds are expected to generate operational returns in the future. All ongoing development-stage funding payments and upfront and milestone 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 development-stage funding payments.

⁽⁸⁾ Royalty Pharma considers all payments to fund its operating joint ventures that are performing R&D activities for development-stage product candidates 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 Royalty Pharma’s equity method investees, the Avillion Entities, are deducted to arrive at Adjusted Cash Flow, but are not deducted in Adjusted EBITDA.

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 non-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 35 commercial products, including Vertex’s Trikafta, Kalydeco, Orkambi and Symdeko, Biogen’s Tysabri, AbbVie and Johnson & Johnson’s Imbruvica, Astellas and Pfizer’s Xtandi, GSK’s Trelegy, Novartis’ Promacta, Biohaven and Pfizer’s Nurtec ODT, Johnson & Johnson’s Tremfya, Roche’s Evrysdi, Gilead’s Trodelvy, and 11 development-stage product candidates.

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 Royalty Pharma’s strategies, financing plans, growth opportunities and market growth. In

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