ROYALTY PHARMA

PRE-QUARTERLY RESULTS COMMUNICATION

NEW YORK, NY, September 29, 2023 - Royalty Pharma plc (Nasdaq: RPRX) intends to announce its financial results for the third quarter of 2023 on November 8, 2023. An invitation for the results webcast will follow shortly. To assist in the financial modeling of its third quarter of 2023 results, the company has compiled the following items.

Non-GAAP Financial Information

Royalty Pharma focuses on certain non-GAAP financial measures that represent sources of capital that are critical for investors to understand its business. These measures, which are presented as supplemental measures to GAAP financial information, include Adjusted Cash Receipts[(1)], Adjusted EBITDA[(2)] and Adjusted Cash Flow[(3)].

Royalty Pharma believes these non-GAAP financial measures provide meaningful information on the company's ability to successfully operate the business by generating capital to fund investments in royalty-generating assets, debt repayments, dividends and other discretionary investments. In addition, non-GAAP financial measures can help identify underlying trends in the business and permit investors to better understand the performance of the company, including forecasting for future periods (see section 'Use of Non-GAAP Measures').

Third Quarter 2022 Non-GAAP Financial Information

Historical non-GAAP financial information and the respective GAAP to non-GAAP reconciliations for the third quarter of 2022 and second quarter of 2023 can be found on Table 1 under the section 'Historical Non-GAAP Financial Information.'

Table 2 provides non-GAAP financial information for the third quarter of 2022, which will form the basis for comparison of the third quarter 2023 non-GAAP financial information. For reference, the non-GAAP financial information for the second quarter of 2023 is also included.

Historical Non-GAAP Financial Information

Table 1 - GAAP to Non-GAAP Reconciliation - Third Quarter 2022 and Second Quarter 2023

(*$ in millions*)	Third Quarter 2022	Second Quarter 2023
Net cash provided by operating activities (GAAP)	**539**	**608**
Adjustments:		
Proceeds from available for sale debt securities[5][6]	16	—
Interest paid/(received), net[6]	75	(18)
Development-stage funding payments - ongoing[7]	1	1
Development-stage funding payments - upfront and milestone[7]	25	—
Payments for operating and professional costs	49	47
Distributions to legacy non-controlling interests - royalty receipts[6]	(107)	(92)
Adjusted Cash Receipts[1] (non-GAAP)	**597**	**545**
Net cash provided by operating activities (GAAP)	**539**	**608**
Adjustments:		
Proceeds from available for sale debt securities[5][6]	16	—
Interest paid/(received), net[6]	75	(18)
Development-stage funding payments - ongoing[7]	1	1
Development-stage funding payments - upfront and milestone[7]	25	—
Distributions to legacy non-controlling interests - royalty receipts[6]	(107)	(92)
Adjusted EBITDA[2] (non-GAAP)	**548**	**498**
Net cash provided by operating activities (GAAP)	**539**	**608**
Adjustments:		
Proceeds from available for sale debt securities[5][6]	16	—
Contributions from legacy non-controlling interests - R&D[6]	0	0
Distributions to legacy non-controlling interests - royalty receipts[6]	(107)	(92)
Investments in equity method investees[6][8]	(7)	(3)
Adjusted Cash Flow[3] (non-GAAP)	**441**	**512**

Amounts may not add due to rounding.

For footnote references, see 'Notes' on page 11.

Table 2 - Non-GAAP Financial Information - Third Quarter 2022 and Second Quarter 2023 (Unaudited)

($ in millions)	Third Quarter 2022	Second Quarter 2023
Net cash provided by operating activities (GAAP)	**539**	**608**
Royalties:		
Cystic fibrosis franchise	208	206
Tysabri	91	84
Imbruvica	74	63
Xtandi	46	40
Promacta	50	39
Trelegy	43	37
Tremfya	21	22
Cabometyx/Cometriq	15	15
Prevymis	11	14
Evrysdi	10	13
Spinraza	—	13
Farxiga/Onglyza	12	10
Trodelvy	6	9
Erleada	6	7
Orladeyo	6	7
Crysvita	5	5
Emgality	5	4
Nurtec ODT/Biohaven payment*	20	4
Other products[4]	75	45
Total royalty receipts	**704**	**637**
Distributions to legacy non-controlling interests - royalty receipts	(107)	(92)
Adjusted Cash Receipts[1] (non-GAAP)	**597**	**545**
Payments for operating and professional costs	(49)	(47)
Adjusted EBITDA[2] (non-GAAP)	**548**	**498**
Development-stage funding payments - ongoing	(1)	(1)
Development-stage funding payments - upfront and milestone	(25)	—
Interest (paid)/received, net	(75)	18
Investments in equity method investees	(7)	(3)
Contributions from legacy non-controlling interests - R&D	0	0
Adjusted Cash Flow[3] (non-GAAP)	**441**	**512**

Amounts may not add due to rounding.

For footnote references, see 'Notes' on page 11.

*Royalty receipts in the third quarter of 2022 include the $16 million quarterly redemption payment related to the Series A Biohaven Preferred Shares[5] (presented as *Proceeds from available for sale debt securities* on the statements of cash flows). The Series A Biohaven Preferred Shares were fully redeemed in October 2022 following Pfizer's acquisition of Biohaven. 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 1 under 'Historical Non-GAAP Financial Information' provides reconciliations of our non-GAAP financial measures to their most comparable GAAP financial measure for the third quarter of 2022 and the second quarter of 2023, in each case being net cash provided by operating activities.

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

Adjusted Cash Receipts[(1)] comprise the cash royalties received from the marketers of therapies in which the company holds royalty rights, less distributions to legacy non-controlling interests – royalty receipts:

- 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 Tremfya in the third quarter of 2023 reflected worldwide net sales of the product in the second quarter of 2023 ($706 million based on reported results from Johnson & Johnson) and the tiered mid-single digit royalty rate on annual worldwide net sales. Tables 3 and 4 include the reported performance of key products in the second quarter of 2023 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 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 royalties on sales at the highest royalty tier.

- Legacy non-controlling interests represent 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 Interests.' In the second quarter of 2023, distributions to legacy non-controlling interests – royalty receipts amounted to $92 million, which represented 14.5% of total royalty receipts.

- 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[(1)]. For example, the Entyvio and Soliqua royalties, which are recorded in Other products[(4)], are generally paid in the first and third quarters of the year.

Adjusted Cash Receipts[(1)] in the third quarter of 2022 included a $13 million fixed payment related to the Series A Biohaven Preferred Shares. Additionally, in the fourth quarter of 2022, Royalty Pharma received $480 million from the redemption of all outstanding Series A and Series B Biohaven Preferred Shares following Pfizer's acquisition of Biohaven. Royalty Pharma will not receive any future fixed payments related to the Series A and Series B Biohaven Preferred Shares. Royalty Pharma will continue to receive royalties from underlying product sales of Nurtec ODT and future sales of Zavzpret.

Royalty Pharma received a $475 million milestone payment in the first quarter of 2023 related to FDA approval of Zavzpret. No similar payment for Zavzpret will occur in future quarters in 2023.

Royalty Pharma received a $35 million Airsupra milestone payment (excluding a $6 million distribution to legacy non-controlling interests) in the first quarter of 2023, which was included in Other products. No similar payment for Airsupra will occur in future quarters.

On January 4, 2023, Astellas announced that the Court of Appeals for the Federal Circuit affirmed the earlier decision by the U.S. District Court for the District of Delaware that all asserted claims of the patents for Lexiscan are not infringed by Hospira. Royalty Receipts from Lexiscan are included in Other products[4]. Adjusted Cash Receipts[1] from Lexiscan amounted to approximately $47 million in 2022. Third party data indicates that generic versions of Lexiscan were launched in March 2023.

As discussed during Royalty Pharma's second quarter 2023 earnings conference call, movements in foreign exchange are expected to represent an impact of approximately -1% to -2%[9] in 2023, assuming foreign exchange rates at the time of the second quarter earnings conference call prevail for the remainder of the year.

Table 3 - Net Sales Performance of Key Products - Second Quarter 2023 (Unaudited)

($ in millions)	Marketers	Revenues Second Quarter 2023	% Change Year/Year
Products			
Cystic fibrosis franchise	Vertex	2,493	14
Tysabri	Biogen	483	(6)
Imbruvica	AbbVie, Johnson & Johnson	1,245[1]	(16)
Promacta	Novartis	583	9
Trelegy	GSK	760[2]	31
Xtandi	Pfizer, Astellas	1,268[3]	7
Tremfya	Johnson & Johnson	706	18
Evrysdi	Roche	380[4]	36
Cabometyx/Cometriq	Exelixis, Ipsen, Takeda	573[5]	18
Farxiga/Onglyza	AstraZeneca	1,570	34
Trodelvy	Gilead	260	63
Erleada	Johnson & Johnson	567	26
Orladeyo	BioCryst	81	24
Crysvita	Ultragenyx, Kyowa Kirin	53[6]	3
Nurtec ODT/Vydura	Pfizer	247[7]	27
Emgality	Lilly	169	8
Prevymis	Merck & Co.	143	39
Spinraza	Biogen	437	1

Notes: (1) Imbruvica's revenue includes AbbVie's reported US revenues of $666 million (-23% year/year) and Johnson & Johnson's reported international revenues of $579 million (-7% year/year). (2) Trelegy revenues represent sales in US dollars as reported by GSK. Trelegy growth rate represents year-over-year growth as reported by GSK in British pounds. Trelegy growth rate in US dollars in second quarter of 2023 is 29% using US dollar sales as provided by GSK. (3) Xtandi revenues of 174.1 billion Japanese yen translated at an average US dollar exchange rate of 137.3; year-over-year growth as reported by Astellas in Japanese yen. Xtandi growth rate in US dollars in second quarter of 2023 calculated to be 1% using the average US dollar to Japanese yen exchange rate of 137.3 in the second quarter of 2023 and 129.8 in the second quarter of 2022. (4) Roche global revenues of 342 million Swiss francs translated at average US dollar exchange rate of 0.90. Evrysdi growth rate represents year-over-year growth on a constant currency basis as reported by Roche. Evrysdi growth rate in US dollars in second quarter of 2023 is 35% using the average US dollar to Swiss franc exchange rate of 0.90 in the second quarter of 2023 and 0.97 in the second quarter of 2022. (5) Cabozantinib products' revenue includes Ipsen revenues of €135.4 million translated at an average US dollar exchange rate of 0.92, Takeda revenues of 2.2 billion Japanese yen translated at an average US dollar exchange rate of 137.3, and Exelixis revenues of $410 million. Growth rate in US dollars in second quarter of 2023 calculated to be 18% using the average US dollar to Euro exchange rate of 0.92 and US dollar to Japanese yen exchange rate of 137.3 in the second quarter of 2023 and US dollar to Euro exchange rate of 0.94 and US dollar to Japanese yen exchange rate of 129.8 in the second quarter of 2022. (6) Crysvita revenues represent Kyowa Kirin's reported EMEA revenues of 7.3 billion Japanese yen translated at an average US dollar exchange rate of 137.3; Crysvita growth rate represents year-over-year growth as reported by Kyowa Kirin in Japanese yen. Crysvita growth rate in US dollars in second quarter of 2023 is -3% using the average US dollar to Japanese yen exchange rate of 137.3 in the second quarter of 2023 and 129.8 in the second quarter of 2022. (7) Pfizer, which completed the acquisition of Biohaven on October 3, 2022, disclosed Nurtec ODT/Vydura combined global revenues of $247 million. Growth rate represents year-over-year growth based on Q2 2022 sales as reported by Biohaven.

Table 4 - Public Disclosures of Royalty Rates by Product

Product	Estimated Royalty Duration[1]	Royalty Rates[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
Nurtec ODT and Zavzpret[4]	2034-2036	2.1% royalty on annual combined worldwide net sales of Nurtec ODT and Zavzpret 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. Up to a 3.0% incremental royalty on Zavzpret worldwide net sales up to $1.5 billion and up to 2.0% incremental royalty on worldwide net sales above $1.5 billion
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
Xtandi	2027-2028	Royalty of slightly less than 4% on worldwide net sales
Promacta	2025-2028	Tiered royalty ranging from 4.7% to 9.4% on annual worldwide net sales
Tremfya	2031-2032	Mid-single digit, tiered royalty on annual worldwide net sales
Trelegy	2029-2030[5]	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
Cabometyx/Cometriq	2026-2029[6]	3% royalty on worldwide net sales
Farxiga/Onglyza	2025	Payments equivalent to low-single digit downward tiered royalty on annual worldwide net sales
Evrysdi	2030-2035[7]	Tiered royalties of 3.4% on worldwide net sales up to $500 million, 4.7% on net sales between $500 million and $1 billion, 6.0% on net sales between $1 billion and $2 billion, 6.9% on net sales over $2 billion[8]
Prevymis	2029	Low-double digit royalty on annual worldwide net sales up to $300 million
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[9]	9.50% royalty on direct annual net sales of up to $350 million, 4.50% on sales between $350 million and $550 million, and no royalties on sales over $550 million; tiered percentage of sublicense revenue in certain territories
Erleada	2032	Low-single digit royalties on worldwide net sales
Crysvita	2033-2038[10]	10% royalty on EU, U.K. and Switzerland net sales
Emgality	2033	Low-single digit royalty on annual worldwide net sales
Spinraza	2030-2035[11]	Tiered royalties on up to $1.5 billion of annual worldwide net sales at rates ranging from 2.8% to 3.8% through 2027 and increasing to 5.0% to 6.8% in 2028[12]
Adstiladrin	Early/mid-2030s	5.1% royalty on U.S. net sales, increasing to 8.0% in 2025[13]

Notes: (1) Durations 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 timing of potential generic entry. (4) Product formerly known as zavegepant was approved in March 2023. (5) We will pay Theravance Biopharma, Inc. 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. (6) 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. (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) We are entitled to approximately 43% of the tiered royalties ranging from 8% to 16% for Evrysdi. (9) Royalty is perpetual; years shown represent estimated United States patent expiration for Orladeyo and potential sales decline based on timing of generic entry. (10) 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. (11) Our royalty interest in Spinraza will revert to Ionis after we receive aggregate Spinraza royalties equal to $475 million or $550 million, depending on the timing and occurrence of certain events. (12) We are entitled to 25% of Ionis' Spinraza royalty payments of 11% to 15% on annual worldwide net sales through 2027, increasing to 45% of royalty payments in 2028. (13) Royalty rate increases to 8.0% upon payment of the manufacturing-related milestone that is expected to be achieved in 2025.

Adjusted EBITDA[2] (Non-GAAP)

Adjusted EBITDA[2] is a non-GAAP measure used by Royalty Pharma that is comprised of Adjusted Cash Receipts[1] less payments for operating and professional costs. In the second quarter of 2023, payments for operating and professional costs were $47 million (which represented 8.6% of Adjusted Cash Receipts[1]).

Adjusted Cash Flow[3] (Non-GAAP)

Adjusted Cash Flow[3] is comprised of Adjusted EBITDA[2] less Development-stage funding payments - ongoing, Development-stage funding payments - upfront and milestone, net interest paid/(received) and miscellaneous other items. As noted during our second quarter 2023 earnings call:

- Royalty Pharma expected to make a $50 million milestone payment to Cytokinetics when they initiated their pivotal trial of aficamten in symptomatic non-obstructive hypertrophic cardiomyopathy in September of 2023. This $50 million payment will be recorded as a development-stage funding payment – upfront and milestone.
- Net interest paid reflects the weighted average cost of borrowings on the company's senior unsecured notes. Based on the semi-annual interest payment schedule of Royalty Pharma's outstanding notes, interest paid is anticipated to be approximately $85 million in the third quarter with a de minimis amount recorded in the fourth quarters of 2023, assuming no additional debt financings. Through the first six months of 2023, Royalty Pharma received interest of $35 million on its cash and cash equivalents, which partially offset interest paid.

Liquidity and Capital Resources

As of June 30, 2023, Royalty Pharma had cash and cash equivalents of $2.2 billion and total debt with principal value of $7.3 billion.

During the second quarter of 2023, Royalty Pharma began repurchasing its Class A ordinary shares and repurchased approximately four million shares for $134 million. Through August 7, 2023, Royalty Pharma has repurchased approximately six million shares for $185 million. The weighted-average diluted Class A ordinary shares outstanding for the second quarter of 2023 was 606 million as compared to 607 million for the first quarter of 2023.

On September 5, 2023, Royalty Pharma entered into a synthetic royalty funding agreement with Ascendis Pharma A/S based on U.S. net Skytrofa revenue. This transaction resulted in a cash outflow of $150 million which will be reflected in Royalty Pharma's third quarter 2023 financial results.

On August 24, 2023, Royalty Pharma announced that it acquired a synthetic royalty on US net sales of Ferring Pharmaceuticals' Adstiladrin. This transaction resulted in a cash outflow of $300 million which will be reflected in Royalty Pharma's third quarter 2023 financial results.

In the third quarter of 2023, Royalty Pharma repaid $1 billion of its senior unsecured notes that matured in September 2023. This $1 billion repayment will be reflected as a cash outflow in cash flow from financing in Royalty Pharma's third quarter 2023 financial results.

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 2023 was 14.5% and is indicated below. Additionally, first quarter 2023 NCI would have been 12.3% of total royalty receipts prior to the Zavzpret milestone payment, and fourth quarter 2022 NCI would have been 13.8% of total royalty receipts prior to the accelerated Series A and B Biohaven Preferred Share payments.

Table 5 – Percentage of Royalty Receipts Attributed to Non-Controlling Interests – LTM Q2 2023

Royalties	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Zavzpret milestone	n/a	n/a	0.0%	n/a
Cystic fibrosis franchise[1]	17.6%	14.9%	8.8%	17.6%
Tysabri	17.6%	17.6%	17.6%	17.6%
Imbruvica	17.6%	17.6%	17.6%	17.6%
Xtandi	17.6%	17.6%	17.6%	17.6%
Promacta	17.6%	17.6%	17.6%	17.6%
Trelegy	0.0%	0.0%	0.0%	0.0%
Tremfya	0.0%	0.0%	0.0%	0.0%
Cabometyx/Cometriq	0.0%	0.0%	0.0%	0.0%
Prevymis	0.0%	0.0%	0.0%	0.0%
Evrysdi	0.0%	0.0%	0.0%	0.0%
Spinraza	n/a	n/a	n/a	0.0%
Farxiga/Onglyza	17.6%	17.6%	17.6%	17.6%
Trodelvy	17.6%	17.6%	17.6%	17.6%
Erleada	17.6%	17.6%	17.6%	17.6%
Orladeyo	0.0%	0.0%	0.0%	0.0%
Crysvita	17.6%	17.6%	17.6%	17.6%
Emgality	17.6%	17.6%	17.6%	17.6%
Nurtec ODT/Biohaven payment[1]	16.9%	5.1%	14.8%	14.8%
Other products (blended)	20.5%	20.2%	18.2%	21.5%
Total products (blended)	**15.2%**	**10.1%**	**7.5%**	**14.5%**

(1) Nurtec ODT and the cystic fibrosis franchise 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 information. 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 measure, 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, 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 amended and restated credit agreement that Royalty Pharma's subsidiary entered to provide for a five-year unsecured revolving credit facility with borrowing capacity of up to $1.5 billion ("Credit Agreement"). The definition of Adjusted EBITDA used by Royalty Pharma is the same as the definition of consolidated EBITDA in the 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 believes Adjusted Cash Flow provides meaningful information about Royalty Pharma's operating performance because one of its core business strategies is to generate consistent cash flows that can be redeployed into new royalty investments. Tracking Adjusted Cash Flow over time helps to identify underlying trends in the business and permits management and investors to better understand

Royalty Pharma's performance. Management uses Adjusted Cash Flow for decision-making purposes related to the funding of investments in royalty-generating assets, debt repayments, dividends and other discretionary investments. Management also uses Adjusted Cash Flow to compare its performance against non-GAAP 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 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 1.

Notes

(1) Adjusted Cash Receipts is a measure calculated with inputs directly from the statements of cash flows and includes total royalty receipts: (i) cash collections from royalty assets (financial assets and intangible assets), (ii) *Other royalty cash collections*, (iii) *Distributions from equity method investees,* and (iv) *Proceeds from available for sale debt securities*; less *Distributions to legacy non-controlling interests - royalty receipts,* which represent contractual distributions of royalty receipts and proceeds from available for sale debt securities 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, 2023 for additional discussion. See GAAP to Non-GAAP reconciliation at Table 1.

(2) Adjusted EBITDA is important to lenders and is defined under the Credit Agreement as Adjusted Cash Receipts(1) 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 1.

(3) Adjusted Cash Flow is defined as Adjusted EBITDA(2) 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 legacy non-controlling interests - R&D*, all directly reconcilable to the statements of cash flows. See GAAP to Non-GAAP reconciliation at Table 1.

(4) Other products primarily include royalty receipts on the following products: Cimzia, Entyvio, IDHIFA, Januvia, Janumet, Other DPP-IVs, Letairis, Lexiscan, Mircera, Myozyme, Nesina, Oxlumo, Soliqua, Tazverik and distributions from the Legacy SLP Interest.

(5) Receipts from the quarterly redemption of the Series A Biohaven Preferred Shares in 2022 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
Proceeds from available for sale debt securities	Investing activities
Investments in equity method investees	Investing activities
Distributions to legacy non-controlling interests - royalty receipts	Financing activities
Interest paid/(received), net	Operating activities (*Interest paid* less *Interest received*)
Contributions from legacy non-controlling interests - R&D	Financing activities

(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(2). As a result, Adjusted EBITDA(2) 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(3), but are not deducted in Adjusted EBITDA(2).

(9) Foreign exchange impact represents an estimate of the difference in results that are attributable to fluctuations in currency exchange rates based on certain assumptions of prevailing exchange rates, contractual terms, geographies from which royalties are derived, timing of payments and other factors. The marketers paying royalties may not provide or may not be required to provide the breakdown of product sales by geography. Actual foreign exchange impact may be different than estimates.

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 and Spinraza, AbbVie and Johnson & Johnson's Imbruvica, Astellas and Pfizer's Xtandi, GSK's Trelegy, Novartis' Promacta, 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 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 Royalty Pharma's 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 Royalty Pharma's reports and documents filed with the U.S. Securities and Exchange Commission ("SEC"). You may get these documents by visiting EDGAR on the SEC's website at www.sec.gov.

Royalty Pharma Investor Relations and Communications

+1 (212) 883-6637
ir@royaltypharma.com