

ROYALTY PHARMA

Royalty Pharma plc

Q2 2021 Financial Results

August 11, 2021

Forward Looking Statements & Non-GAAP Financial Information

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Also, the discussions during this conference call will include certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Additional information regarding non-GAAP financial measures can be found on slide 26 and in the Company’s earnings release furnished with its current report on Form 8-K dated August 11, 2021, which are available on the Company’s website. Any non-U.S. GAAP financial measures presented are not, and should not be viewed as, substitutes for financial measures required by GAAP, have no standardized meaning prescribed by GAAP and may not be comparable to the calculation of similar measures of other companies.

Agenda

Key Highlights	Pablo Legorreta	Founder & Chief Executive Officer
Portfolio Update	Jim Reddoch	EVP, Co-Head of Research and Investments & Chief Scientific Officer
Acquisitions & Events	Marshall Urist	EVP, Co-Head of Research and Investments
Financial Results	Terrance Coyne	EVP, Chief Financial Officer
Conclusion	Pablo Legorreta	Founder & Chief Executive Officer
Q&A	Pablo Legorreta Terrance Coyne Chris Hite Jim Reddoch Marshall Urist	Founder & Chief Executive Officer EVP, Chief Financial Officer EVP, Vice Chairman EVP, Co-Head of Research and Investments & Chief Scientific Officer EVP, Co-Head of Research and Investments

Key Highlights

Pablo Legorreta

Founder & Chief Executive Officer

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Q2 2021 – Executing against our strategy



Double-digit bottom-line growth; modest top-line growth⁽¹⁾ despite losses of exclusivity



Strong deal momentum with YTD transactions announced of \$2.8bn⁽²⁾ (\$2.1bn upfront)



New bond offering⁽³⁾ enhances capital structure and expands competitive advantage

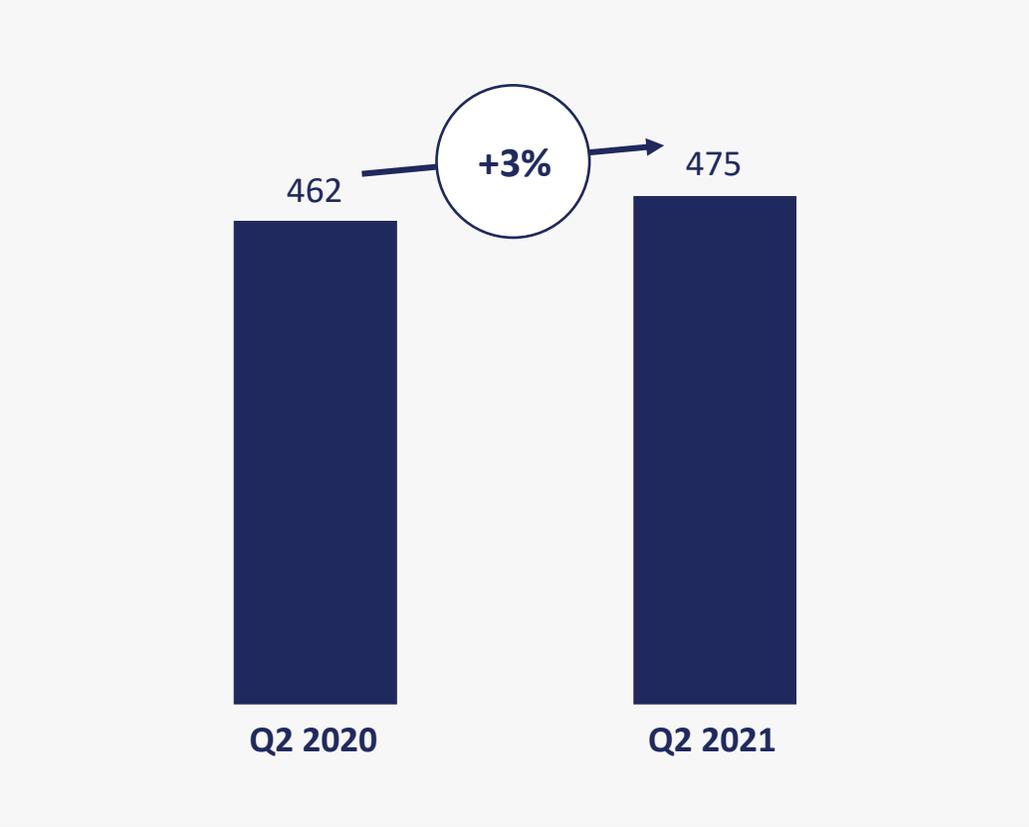


Raising full-year guidance for Adjusted Cash Receipts⁽⁴⁾ (excluding new investments)

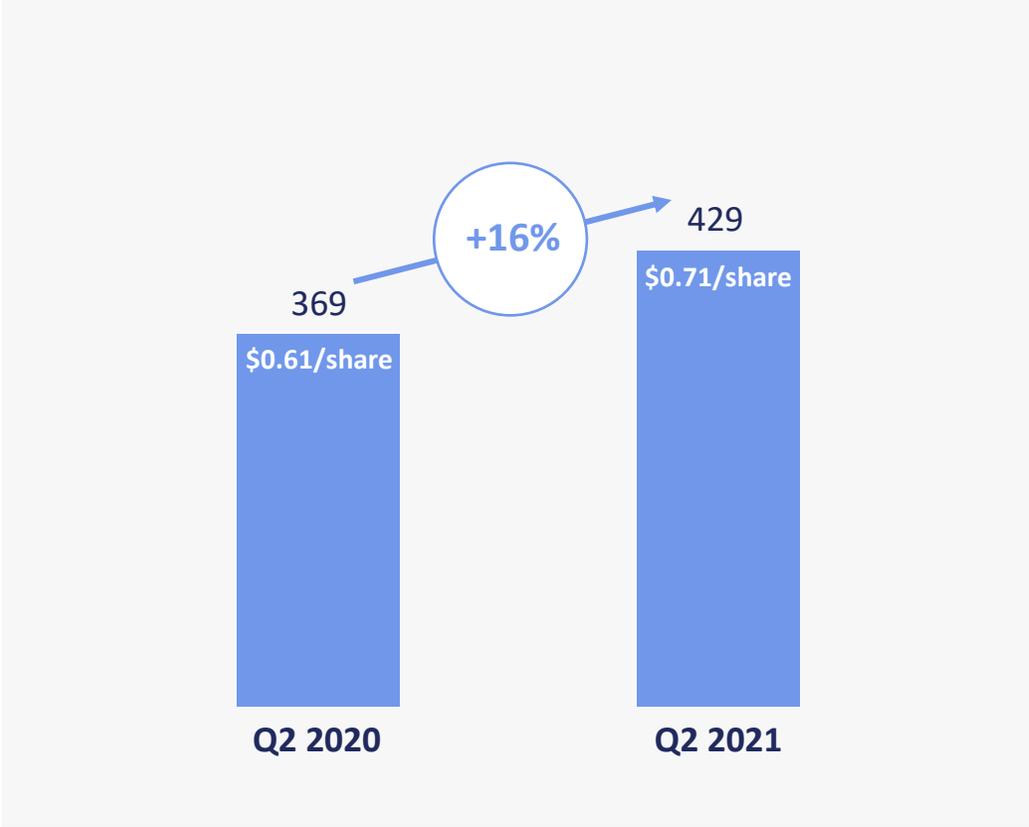
1. Adjusted Cash Flow and Adjusted Cash Receipts, respectively. See slide 26 for definition and additional information.
2. Announced transaction amount of \$2.8 billion includes potential milestone payments.
3. Bond offering closed on July 26, 2021.
4. See slide 26 for definition and additional information.

Q2 2021 – Solid financial performance

Adjusted Cash Receipts⁽¹⁾
(\$ in millions)



Adjusted Cash Flow^(1,2)
(\$ in millions)



1. See slide 26 for definitions. Refer to Royalty Pharma’s Current Report on Form 8-K dated August 11, 2021 for a GAAP to non-GAAP reconciliation.
2. Based on weighted-average diluted shares outstanding of 607 million for the three months ended June 30, 2021.

Significant accomplishments in first year as a public company

Milestones since June 2020 initial public offering

\$4.7 billion
in announced transactions

9
transactions executed

Across
4
therapeutic categories⁽¹⁾

Across
17 therapies

85%
Adjusted Cash Flow⁽²⁾
margin LTM⁽³⁾

25%
Adjusted Cash Flow⁽²⁾
growth LTM⁽³⁾

LTM: last twelve months (July 2020 to June 2021).

1. Rare disease, neurology, immunology, cancer.

2. See slide 26 for definitions.

3. Adjusted Cash Flow margin is calculated as Adjusted Cash Flow divided by Adjusted Cash Receipts. Adjusted Cash Flow growth LTM is calculated based on Adjusted Cash Flow for the LTM period ending June 2020 which includes Q3 2019 and Q4 2019 on a pro forma basis. Refer to Royalty Pharma's Current Report on Form 8-K dated August 11, 2021, May 11, 2021, February 17, 2021, and November 10, 2020 for GAAP to non-GAAP reconciliations.

Portfolio Update

Jim Reddoch, PhD

Executive Vice President
Co-Head of Research and Investments,
Chief Scientific Officer

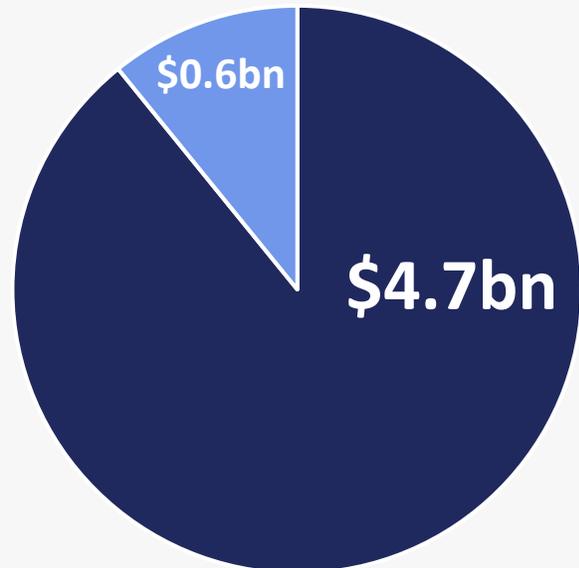
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Strong early performance of recent royalty acquisitions

Deal activity since Jan 2020

Announced transactions: \$5.3 billion



■ Jan – June 2020 ■ June 2020 IPO – 2021 YTD

Consensus⁽¹⁾ sales evolution since deal announcement

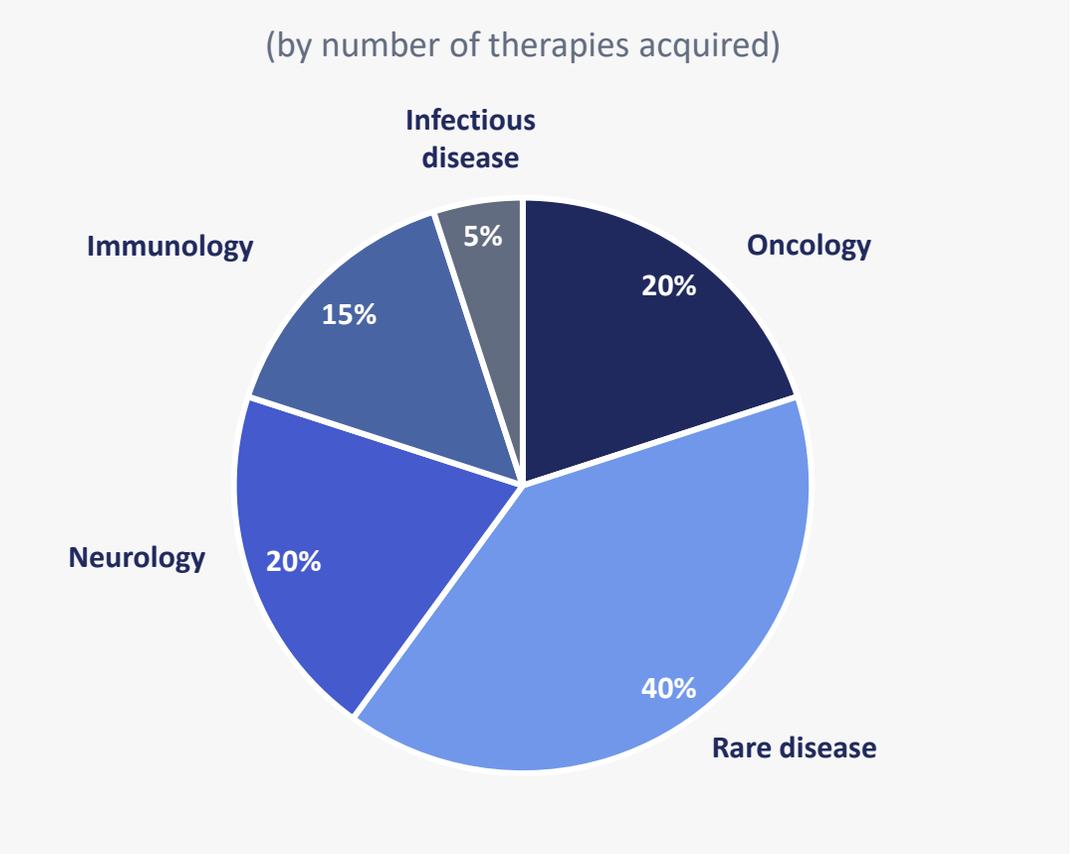
Therapy	Marketer	2025e consensus acquisition date	2025e consensus current	Trend ⁽²⁾	
Entyvio	Takeda	\$4,530m ⁽³⁾	\$6,080m ⁽³⁾	↑	2020
PREVYMIS	Merck	\$453m	\$426m	↔	
IDHIFA	Bristol Myers Squibb	\$334m ⁽⁴⁾	n/a ⁽⁵⁾	↓	
Evrysdi	Roche	CHF 1,466m	CHF 2,217m	↑	
Nurtec ^{ODT}	Biohaven	\$1,368m	\$1,657m	↑	
zavegepant	Biohaven	\$240m	\$346m	TBD	
CF franchise	Vertex	\$9,655m	\$9,776m	↔	
orladeyo	BioCryst	\$373m	\$476m	↑	
BCX9930	BioCryst	\$49m	\$214m	TBD	
seltorexant	Johnson & Johnson	\$121m	\$111m	TBD	
CABOMETYX	Exelixis, Ipsen, Takeda	\$3,390m	\$3,137m	↔	2021
OXLUMO	Alnylam	\$330m	\$348m	↔	
Tremfya	Johnson & Johnson	\$3,294m	\$3,262m	↔	
gantenerumab; otilimab CPI-0206; pelabresib	Roche, GSK, MorphoSys	\$1,233m ⁽⁶⁾	\$1,679m ⁽⁶⁾	TBD	

TBD = to be determined; classification for unapproved pipeline products

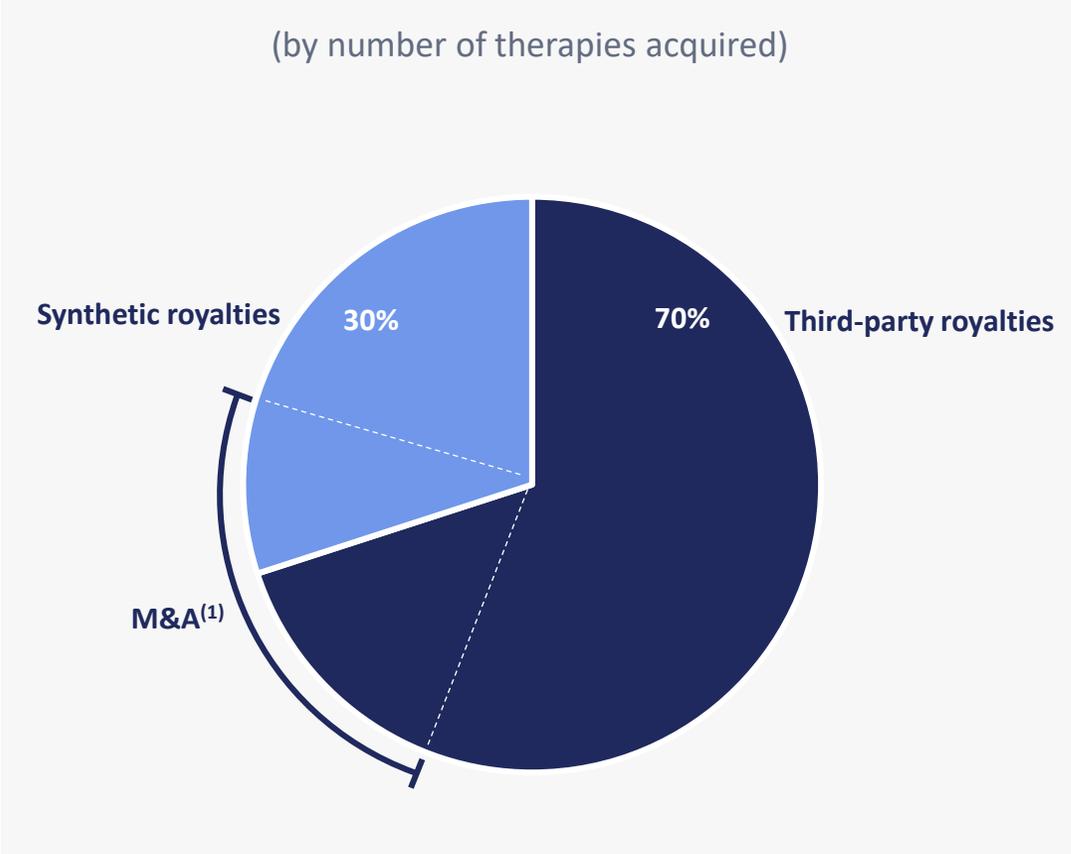
1. Consensus sales sourced from Visible Alpha as of August 6, 2021. 2. Green arrow depicts consensus change of >10%, light green arrow depicts consensus change of +/- 10%, dark orange arrow depicts consensus change of >-10%. 3. Converted to USD using a FX rate of 109.43 Japanese Yen. 4. Sourced from Evaluate Pharma. 5. BMS no longer discloses IDHIFA revenues: Royalty Pharma internal projections contain lower IDHIFA revenues. 6. Includes CPI-0209, pelabresib, otilimab, gantenerumab; consensus sourced on July 16, 2021, the last available date of consensus for Constellation.

Transactions span multiple TAs and demonstrate breadth of funding capabilities

Therapeutic areas (since January 2020)



Type of royalty deal (since January 2020)



Acquisitions & Events

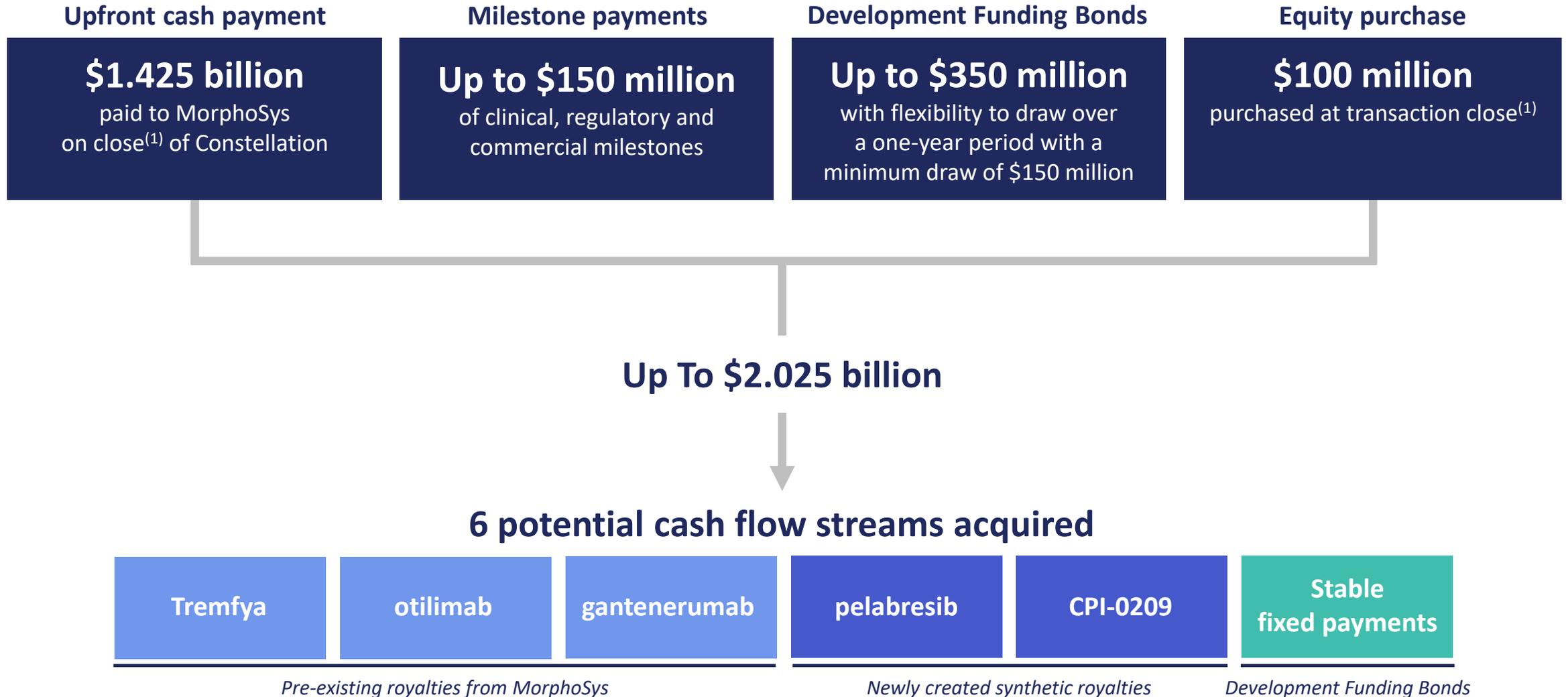
Marshall Urist, MD, PhD

Executive Vice President
Co-Head of Research and Investments

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MorphoSys transaction – providing a complete funding solution



Important upcoming events over next 12-18 months

Select year-to-date and expected upcoming events

		2021			2022
		Q2	Q3	Q4	FY
Clinical	Cabometyx 1L HCC top-line results (COSMIC 312) ⁽¹⁾				PFS met, OS trend at interim; will discuss with FDA
	Cabometyx Phase 1b mCRPC ORR results (COSMIC 021) ⁽²⁾				Results to be discussed with FDA
	Trodelvy Phase 3 results for 3L+ HR+/HER2 mBC ⁽³⁾				
	PT027 Phase 3 results ⁽⁴⁾				
	Intranasal zavegepant Phase 2/3 results ⁽⁵⁾				
	Cabometyx, Opdivo, Yervoy Phase 3 results in 1L RCC (COSMIC 313) ⁽⁶⁾				
	Cabometyx, Tecentriq Phase 3 results in mCRPC (CONTACT-02) ⁽⁶⁾				
	Cabometyx, Tecentriq Phase 3 results in NSCLC after ICI and chemo (CONTACT-01) ⁽⁶⁾				
	Xtandi Phase 3 results in mCSPC (EMBARK) ⁽⁷⁾				
	Tremfya Phase 2b/3 UC and Crohn's disease results ⁽⁶⁾				
	Gantenerumab Phase 3 results for AD (GRADUATE) ⁽⁶⁾				
Otilimab Phase 3 results for RA (contrASt) ⁽⁸⁾					
Oral zavegepant Phase 3 results in migraine prevention ⁽⁶⁾					
Regulatory	Trodelvy FDA accelerated approval in mUC ⁽⁹⁾				✓
	Nurtec ODT migraine prevention FDA approval ⁽¹⁰⁾				✓
	Trikafta FDA decision ages 6-11 ⁽¹¹⁾				✓
	Trodelvy EC decision in 2L+ mTNBC ⁽³⁾				
	Vydura (rimegepant) EC decision for dual acting migraine ⁽⁵⁾				

HCC: Hepatocellular Carcinoma; mCRPC: metastatic Castrate Resistant Prostate Cancer; ORR: Overall Response Rate; mBC: metastatic breast cancer; RCC: Renal cell carcinoma; NSCLC: Non-small cell lung cancer; ICI: immune checkpoint inhibitor; mCSPC: metastatic castration sensitive prostate cancer; UC: Ulcerative Colitis; AD: Alzheimer's disease; RA: Rheumatoid Arthritis; mUC: metastatic Urothelial Cancer; mTNBC: metastatic Triple Negative Breast Cancer; FDA: Food & Drug Administration; EC: European Commission.

1. Exelixis press release, June 28, 2021. 2. Exelixis press release, May 24, 2021. 3. Gilead Q2 2021 earnings presentation, July 29, 2021. 4. AstraZeneca Q2 2021 earnings presentation, July 29, 2021. 5. Biohaven press release, August 9, 2021. 6. www.clinicaltrials.gov. 7. Astellas Q1 2021 financial results, July 30, 2021. 8. GlaxoSmithKline press release, July 28, 2021. 9. Gilead press release, April 13, 2021. 10. Biohaven press release, May 27, 2021. 11. Vertex press release, June 9, 2021.

Financial Results

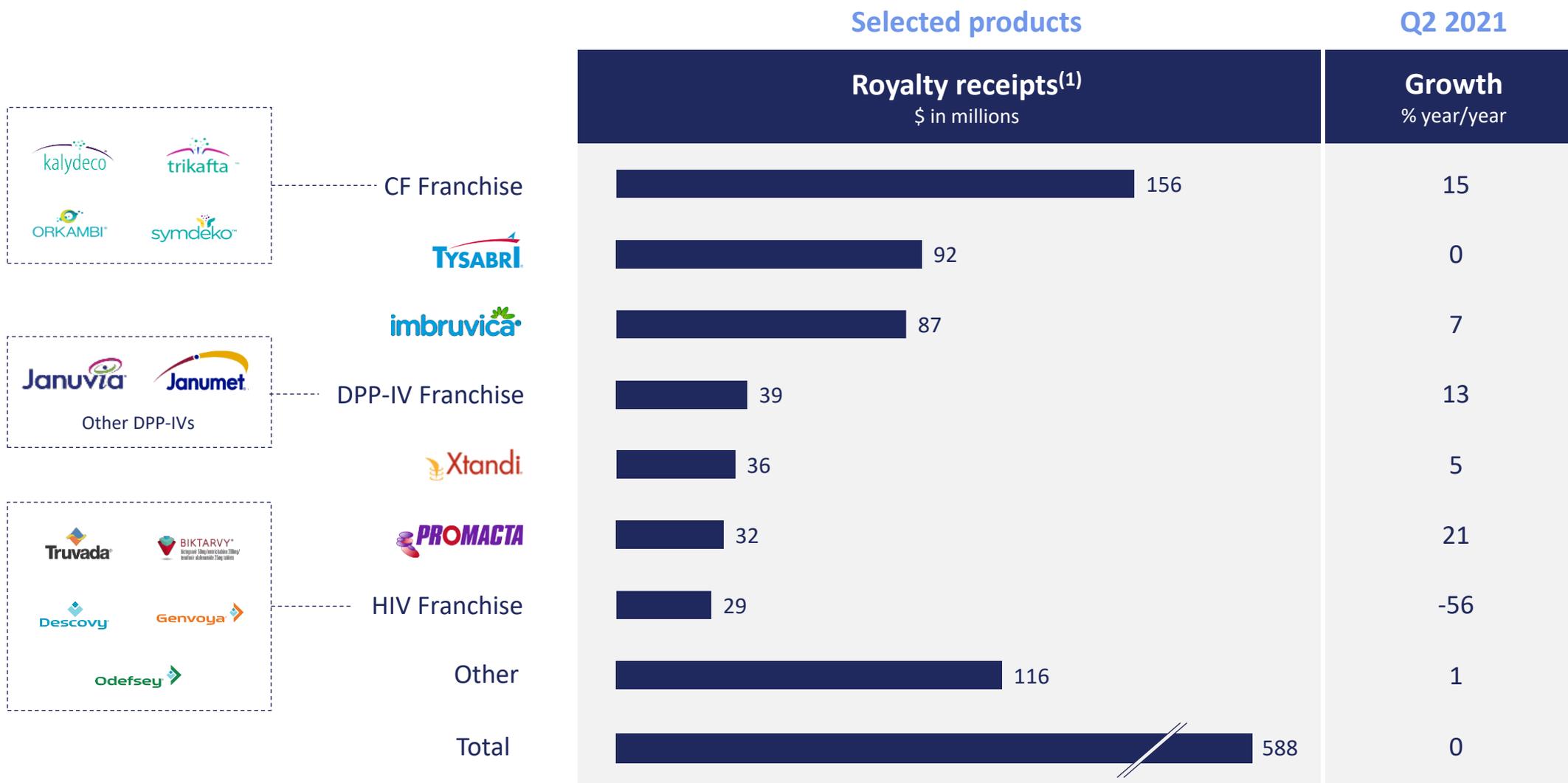
Terrance Coyne

Executive Vice President
Chief Financial Officer

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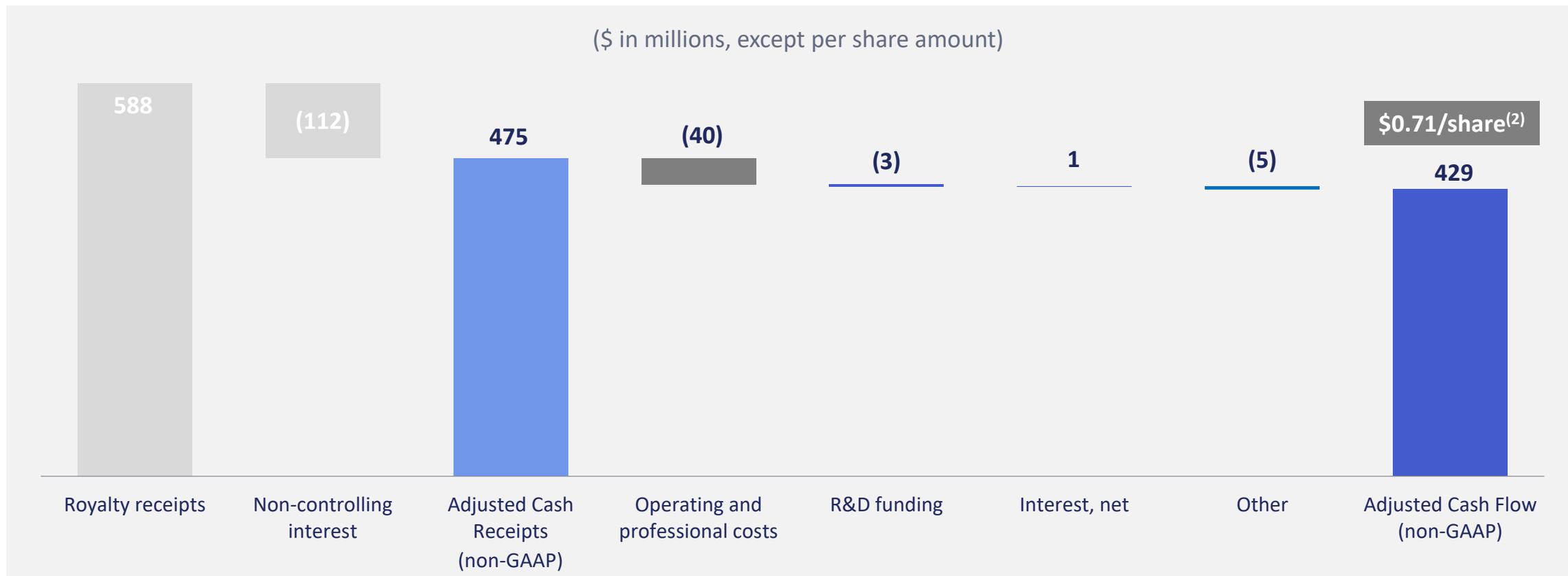
Total royalty receipts in Q2 2021 similar to prior year period



Modest top-line growth and lower expenses driving double-digit bottom-line increase

Q2 2021 Adjusted Cash Flow (non-GAAP)⁽¹⁾

(\$ in millions, except per share amount)

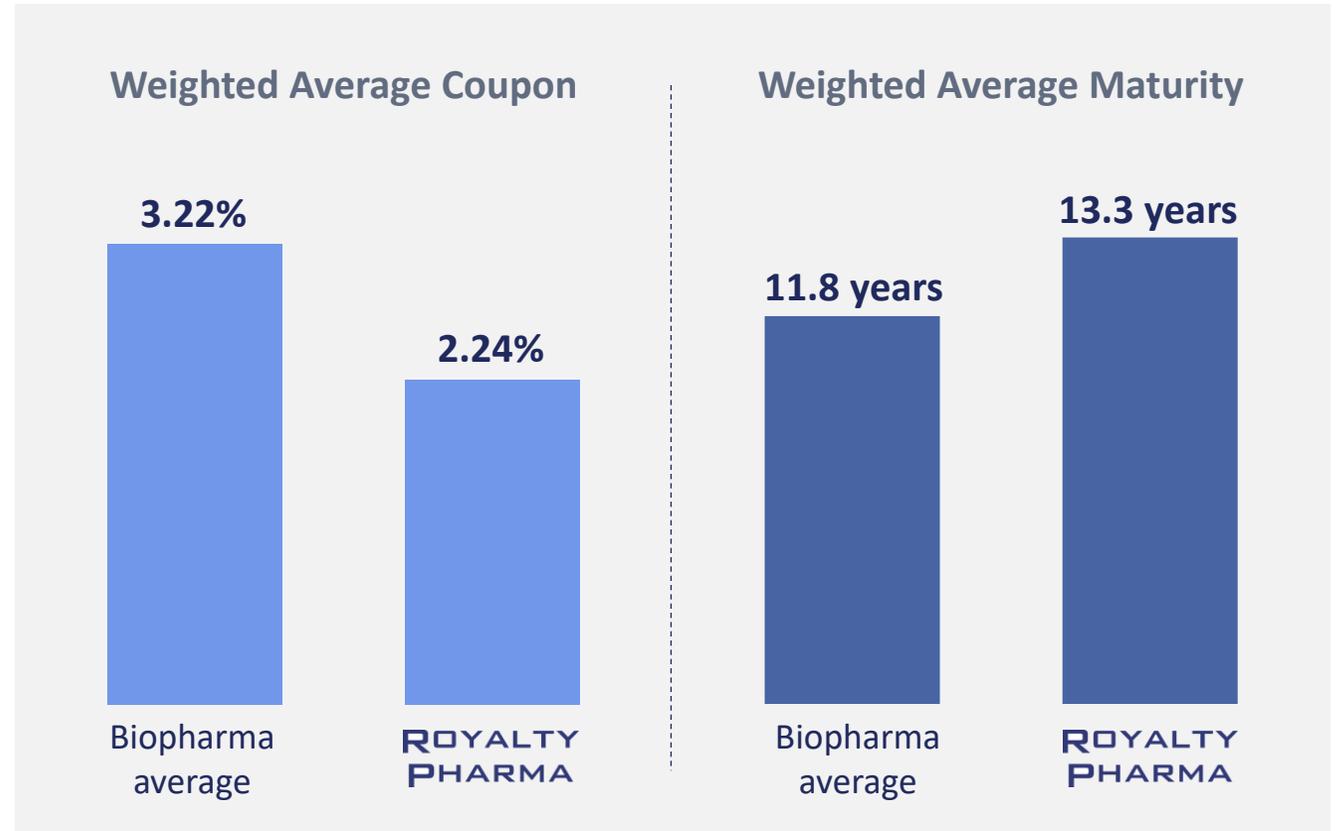


% Adjusted Cash Receipts	8.3%	90.2%
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Innovative debt issuance further strengthens balance sheet

- Issued \$1.3 billion of notes in July 2021 at lower coupon than August 2020 bonds despite Treasury rate increase
 - \$600 million 2.15% 10-year social notes due 2031
 - \$700 million 3.35% 30-year notes due 2051
- ~60% of total debt now extends to 2030 or later
- Our first ever social bond issuance underscores strong commitment to ESG
 - Social Bond Framework linked to SDG #3 and #9⁽²⁾

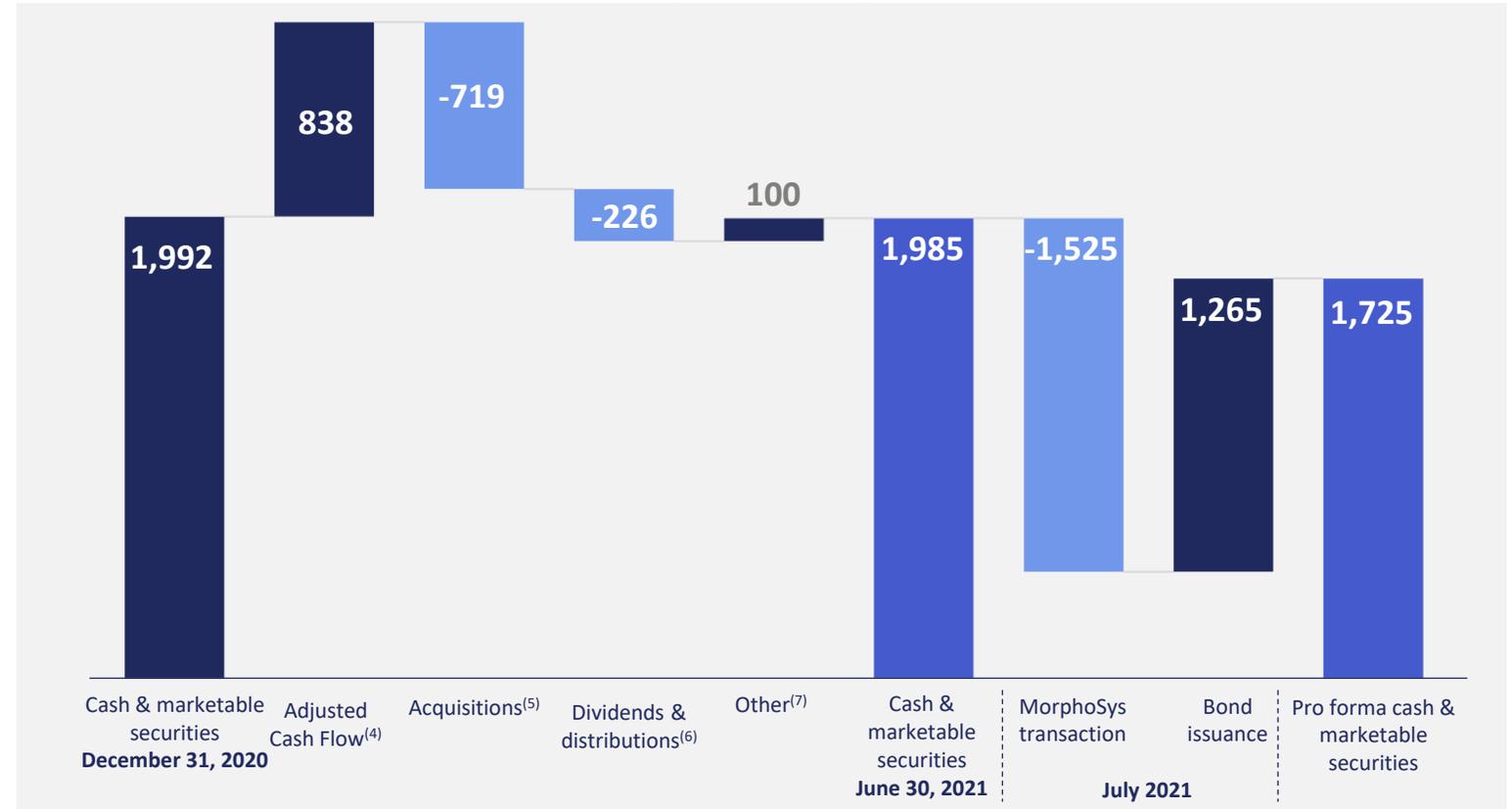
Royalty Pharma debt profile vs. biopharma peers⁽¹⁾



Significant financial flexibility to drive new royalty acquisitions

- \$2.0 billion of cash, cash equivalents and marketable securities as of June 30, 2021
- Capital deployed of \$198 million in Q2 2021
- Pro forma⁽¹⁾ cash, cash equivalents and marketable securities of \$1.7 billion
 - \$1.5 billion MorphoSys upfront payment
 - \$1.3 billion proceeds from bond issuance
- \$7.3 billion of investment grade debt currently outstanding
 - Total pro forma leverage of 3.96x⁽²⁾
 - Net pro forma leverage of 3.03x⁽³⁾

Cash, cash equivalents & marketable securities
(\$ in millions)



1. Pro forma calculation reflects Royalty Pharma's \$1.425 billion upfront payment and \$100 million purchase of MorphoSys' ordinary shares following the July 15, 2021 close of MorphoSys' acquisition of Constellation Pharmaceuticals. It also reflects Royalty Pharma's July 26, 2021 issuance of \$1.3 billion of bonds net of original issue discount and underwriter's fees.
 2. Total pro forma leverage is calculated as Total pro forma debt divided by EBITDA (as defined in credit agreement); refer to Exhibit 10-2 of the RPRX IPO S-1 for compliance EBITDA calculation.
 3. Net pro forma leverage is calculated as Total pro forma debt less pro forma cash and marketable securities divided by EBITDA (as defined in credit agreement); refer to Exhibit 10-2 of the RPRX S-1 for compliance EBITDA calculation.
 4. Refer to slide 26 for definitions; refer to Royalty Pharma's Current Report on Form 10-Q dated August 11, 2021 for a GAAP to non-GAAP reconciliation.
 5. Acquisitions primarily relates to royalty acquisitions of Cabometyx/Cometriq, seltorexant, Oxlumio and Biohaven transactions. Funding related to the MorphoSys transaction will be reflected in Q3 2021.
 6. Reflects dividend of \$139 million on Class A ordinary shares and distributions of \$87 million on Class B shares. 7. Other primarily includes proceeds from the sale of equity securities and other items.

Expanding our competitive advantage in funding innovation

Deep access to debt capital for royalty acquisitions

(2020 to 2021 YTD)

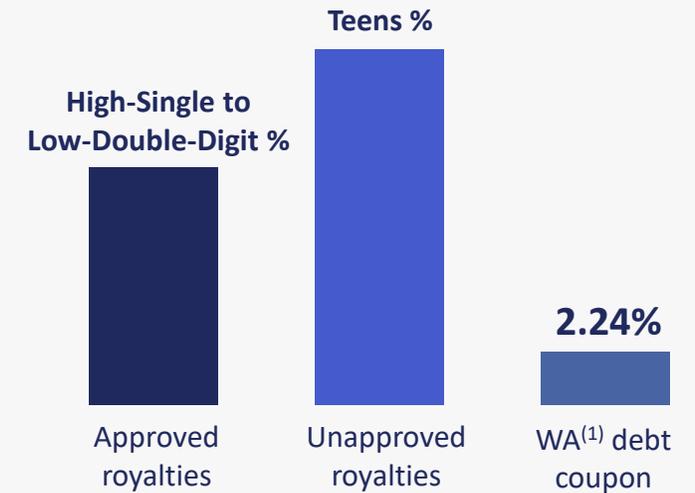


Debt maturity profile aligns with portfolio duration



Conservative leverage amplifies returns to shareholders

Unlevered return targets



Raising full-year 2021 guidance^(1,2)

	August	May	Comments
Adjusted Cash Receipts excluding new transactions ^(1,2)	\$2,080m - \$2,120m (+16% to +18% yr/yr)	\$1,940 - \$1,980m (+8% to +10% yr/yr)	<ul style="list-style-type: none"> • Strong portfolio performance • Tremfya royalty addition • \$37m one-time Soliqua payment in Q3 2021⁽³⁾
Operating & professional costs	9% - 10% of ACR ⁽²⁾	9% - 10% of ACR ⁽²⁾	<ul style="list-style-type: none"> • Timing of certain expenses weighted towards H2 2021
Interest paid	~\$130 million	~\$130 million	<ul style="list-style-type: none"> • Bond offering to increase interest paid in FY 2022 to \$170 million⁽⁴⁾

1. See Slide 26 for definitions and for additional information regarding Royalty Pharma's 2021 full-year financial guidance.

2. This guidance is as of August 11, 2021 and assumes no major unforeseen adverse events and excludes the contributions from transactions announced subsequent to that date. Furthermore, Royalty Pharma may amend its guidance in the event it engages in new royalty transactions which have a material near-term financial impact on the Company. See the information on page 3, "Forward Looking Statements & Non-GAAP Financial Information," for factors that may impact the achievement of this guidance.

3. Net of the distribution to non-controlling interest.

4. Assumes no issuance of additional debt; interest payment for new notes expected to be \$36 million beginning in 2022, which will be paid semi-annually.

Conclusion

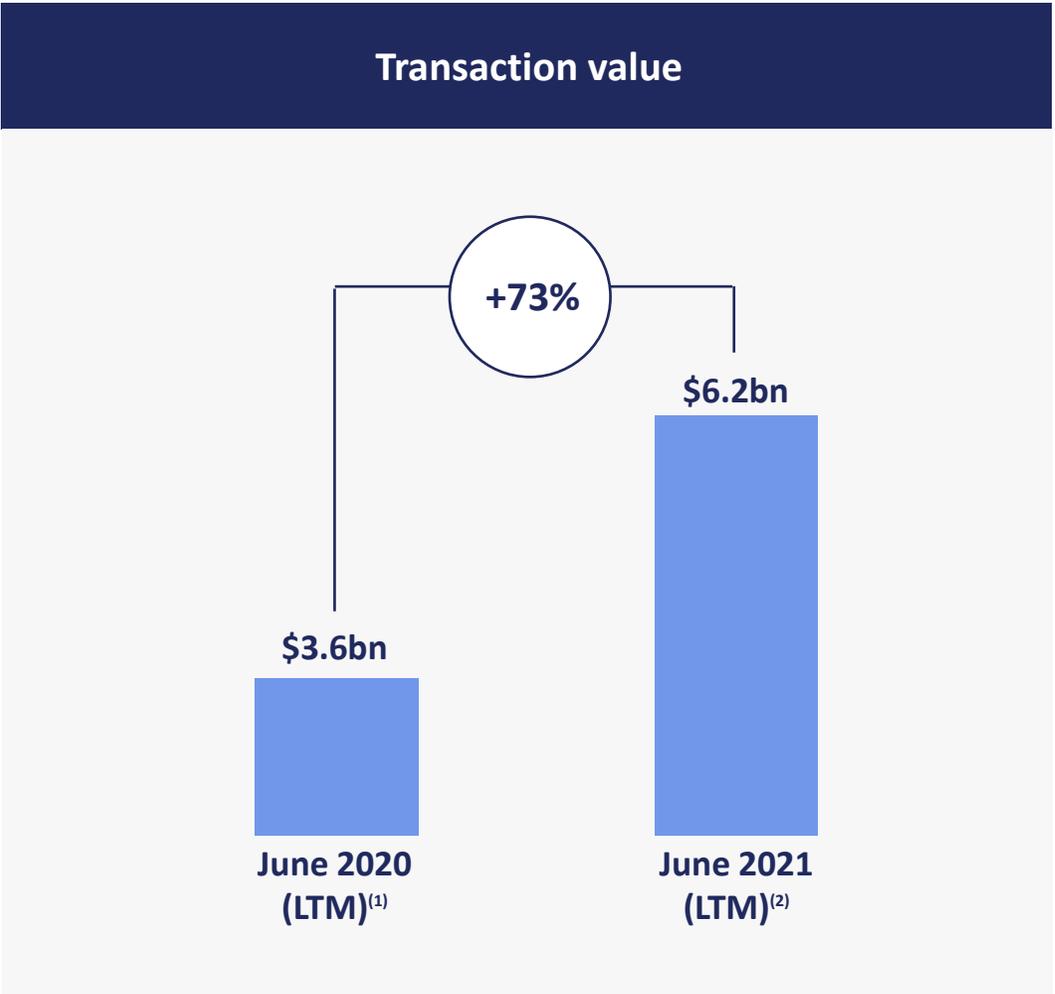
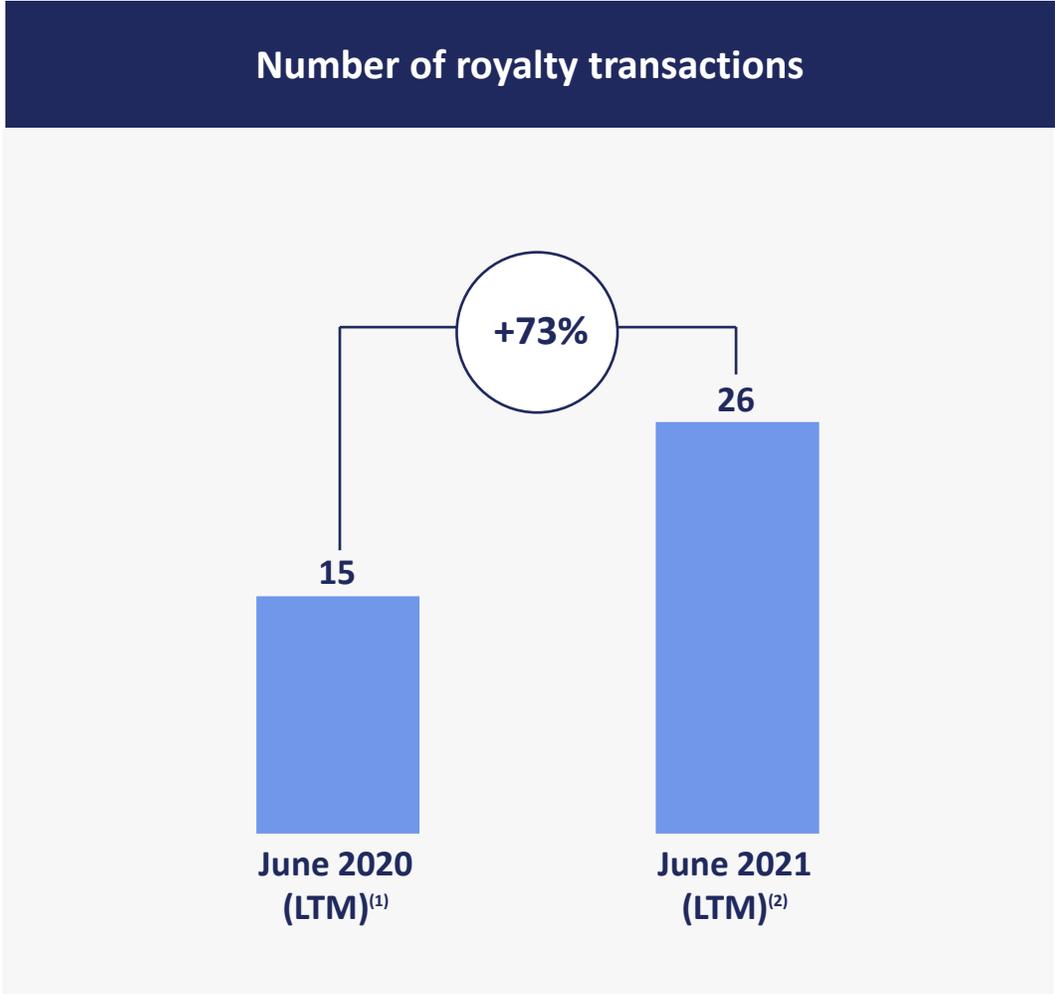
Pablo Legorreta

Founder & Chief Executive Officer

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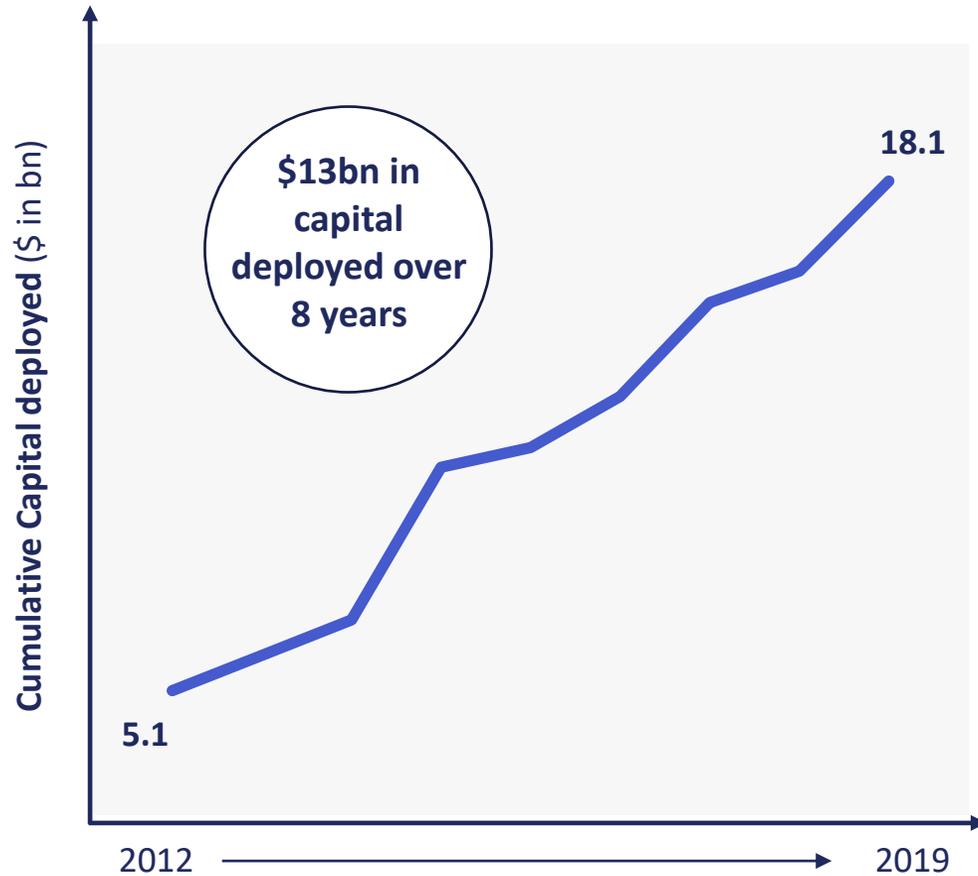
Strong momentum in biopharma royalty market since IPO



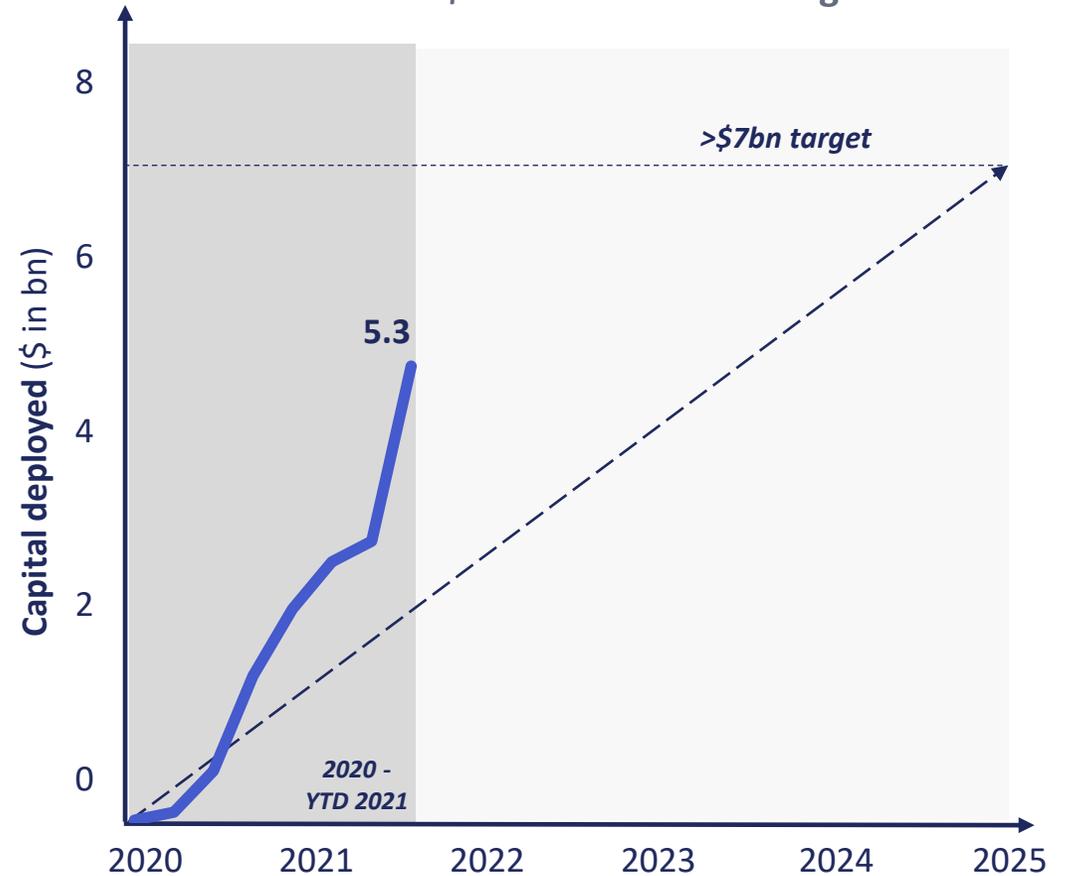
1. Last Twelve Months defined as Q3 2019 through Q2 2020.
2. Last Twelve Months defined as Q3 2020 through Q2 2021.

Expanding opportunity set for biopharmaceutical royalties

History of consistent capital deployment

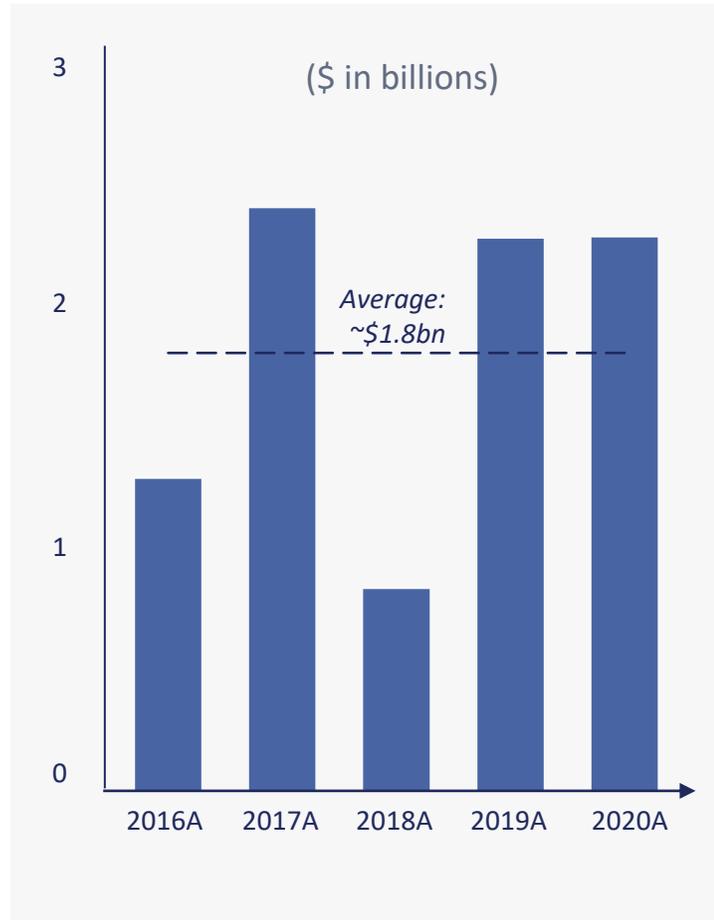


Capital deployment tracking ahead of >\$7bn⁽¹⁾ 2020-2025 target

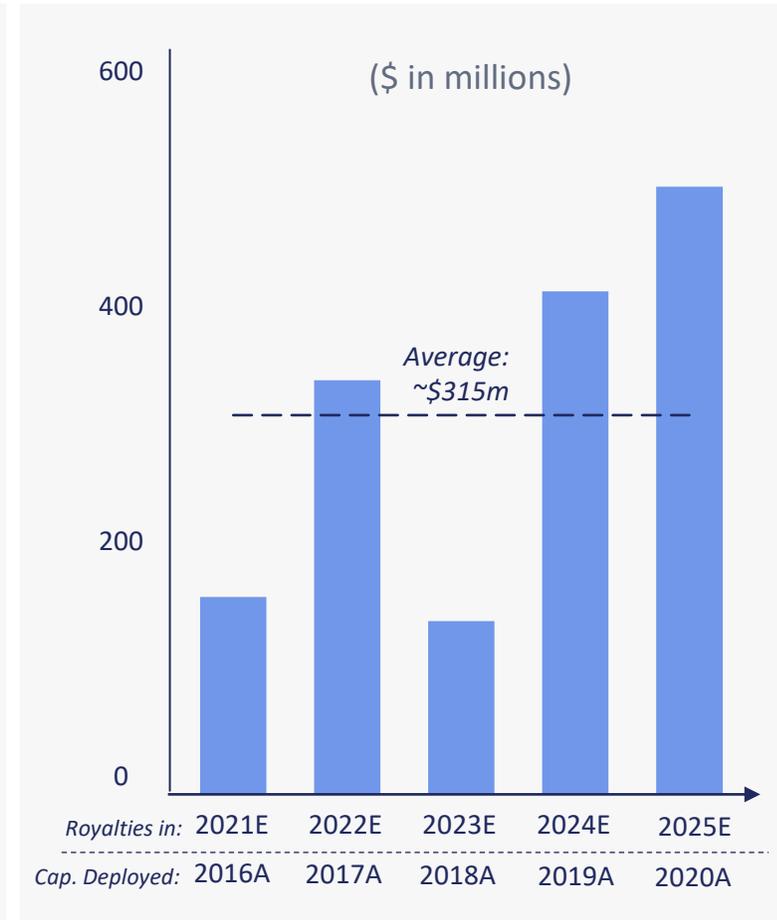


Unique business model continuously replenishes portfolio, powering long-term growth

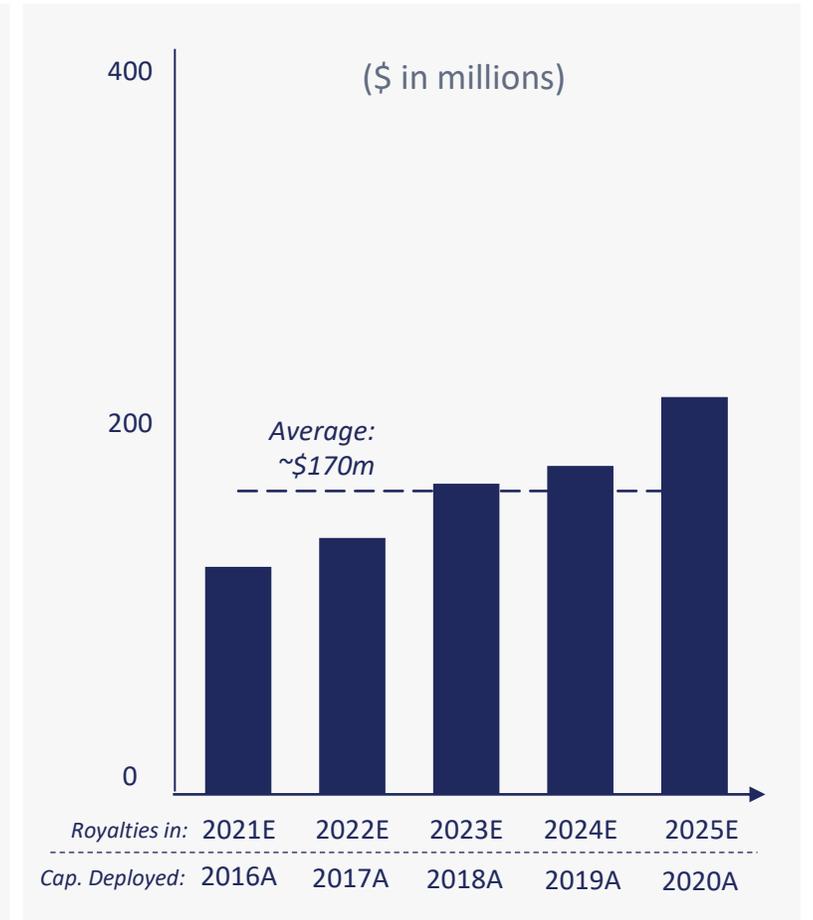
Capital deployed per year



Annual 5-year forward royalty receipts⁽¹⁾



Annual 5-year forward royalty receipts per \$1bn deployed^(1,2)



Footnotes

- 1) To aid in comparability, figures for each fiscal quarter in 2019 are presented on an unaudited pro forma basis, which adjusts certain cash flow line items as if Royalty Pharma's Reorganization Transactions (as described in the Company's final prospectus filed with the SEC on June 17, 2020 ("Prospectus")) and its initial public offering ("IPO") had taken place on January 1, 2019. The most significant difference between the pro forma and reported figures is the new non-controlling interest that resulted from the Reorganization Transactions. A new contractual non-controlling interest arose in the Reorganization Transactions that results in a higher distribution to non-controlling interests on a pro forma basis as compared to prior historical periods. Less material differences also arise in the Royalty Receipts line for other products as well as Payments for operating and professional costs, interest paid, net, and in the payments associated with our former interest rate swap contracts.
- 2) 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 Royalty Pharma Collection Trust held by certain legacy investors and to a new 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 the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2021 for additional discussion. See GAAP to Non-GAAP reconciliation in the Company's current report on Form 8-K dated August 11, 2021.
- 3) Adjusted Cash Flow is defined as Adjusted EBITDA less (1) Ongoing development-stage funding payments, (2) interest paid, net of interest received, (3) other (including Derivative collateral posted, net of Derivative collateral received and Termination payments on derivative instruments) and (4) Investments in non-consolidated affiliates, and plus (1) Contributions from non-controlling interest- R&D, all directly reconcilable to the Statement of Cash Flows.

Financial Guidance footnote

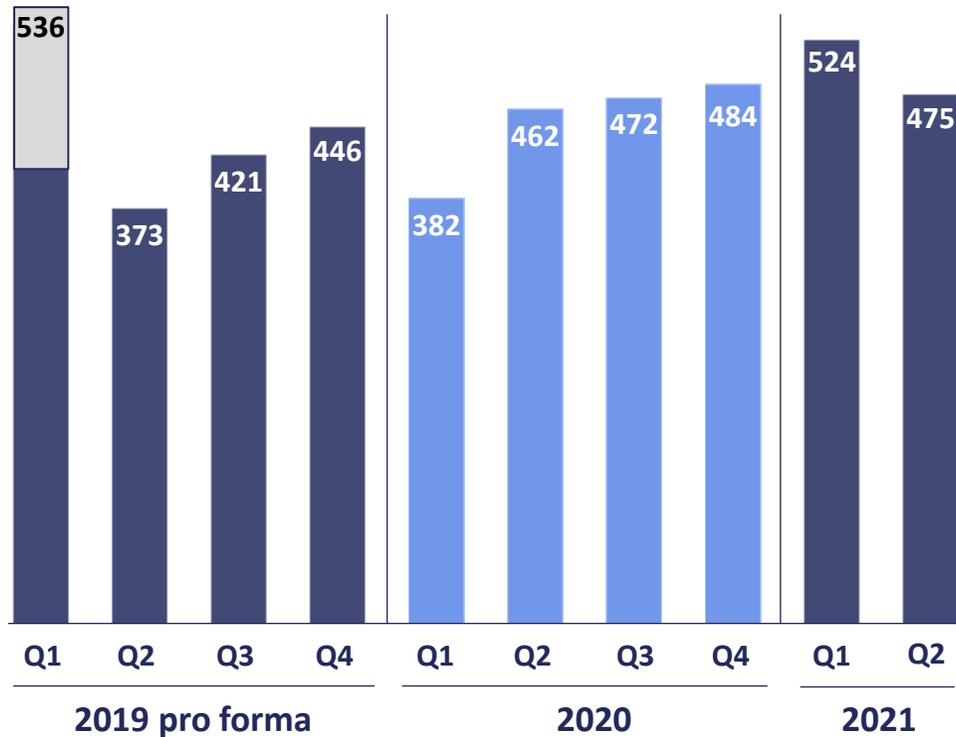
- 4) Royalty Pharma has not reconciled its non-GAAP 2021 guidance to the most directly comparable GAAP measure, cash flow from operations, at this time due to the inherent difficulty in accurately forecasting and quantifying certain amounts that are necessary for such reconciliation, including, primarily, payments for operating and professional costs, distributions from non-consolidated affiliates, and interest received. The Company is not able to forecast on a GAAP basis with reasonable certainty all adjustments needed in order to project cash flow from operations on a GAAP basis at this time.

Appendix

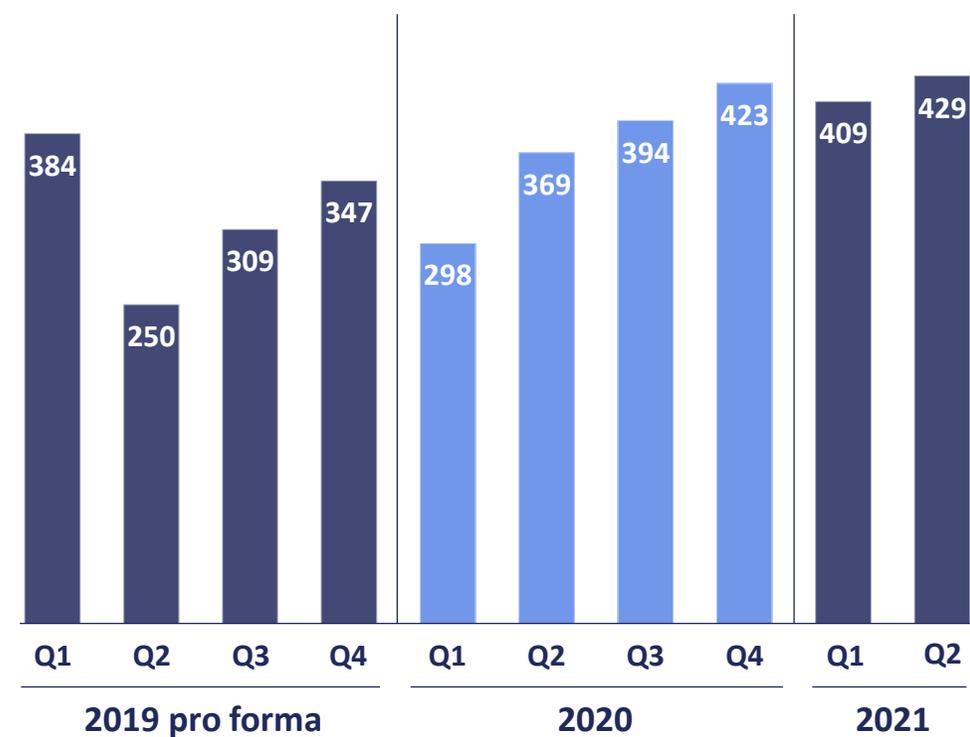
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Delivering top- and bottom-line growth

Adjusted Cash Receipts⁽¹⁾
(\$ in millions)



Adjusted Cash Flow⁽¹⁾
(\$ in millions)



 Tecfidera payment (\$150 million)

Distributions to non-controlling interest (NCI)

- Royalty Pharma includes several non-controlling interests in our financial statements.
- The largest of these impacting the non-GAAP financial measures is an ~17.6% interest in substantially all of Royalty Pharma's pre-IPO investments held by some legacy investors. These legacy investors will not participate in acquisitions of royalties going forward.
- The interest of these legacy investors will exist through the life of the pre-IPO investments, but will decline over time as a percentage of assets as products expire and new royalties are acquired.

Products	Second quarter 2021 NCI as a % of total royalty receipts
Cystic fibrosis franchise ⁽¹⁾	17.6%
Tysabri	17.6%
Imbruvica	17.6%
Januvia, Janumet, Other DPP-IVs	34.1%
Xtandi	17.6%
Promacta	17.6%
HIV franchise	34.1%
Nurtec ODT/Biohaven payment ⁽¹⁾	17.4%
Cabometyx/Cometriq	0.0%
Farxiga/Onglyza	17.6%
Prevymis	0.0%
Crysvita	17.6%
Emgality	17.6%
Erleada	17.6%
Trodelyv	17.6%
Evrysdi	0.0%
IDHIFA	0.0%
Orladeyo	0.0%
Tazverik	17.6%
Other products (Blended)	22.4%