

ROYALTY PHARMA

BofA Global Healthcare Conference

September 15, 2022

Forward Looking Statements & Non-GAAP Financial Information

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Also, the discussions during this presentation 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 13 and in the Company’s earnings release furnished with its current report on Form 8-K dated August 4, 2022, 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.

Royalty Pharma at a glance⁽¹⁾

Company

1996⁽²⁾

Founded

66

Employees

Portfolio

~45

Approved and development-stage products

13⁽³⁾

\$1bn+ blockbuster therapies in portfolio

Financial

\$2.1bn

Adjusted Cash Receipts⁽⁴⁾ (FY 2021) “top-line”

\$1.9bn

Adjusted EBITDA⁽⁴⁾ (FY 2021)

\$1.6bn

Adjusted Cash Flow⁽⁴⁾ (FY 2021) “bottom-line”

Rare Disease

(32%)

Trikafta
Kalydeco
Orkambi
Symdeko
Evrysdi
Oxlumo
Orladeyo
Crysvita
BCX9930

Cancer

(24%)

Trodelvy
Xtandi
Imbruvica
Cabometyx
Erleada
CPI-0209
Pelabresib
Gavreto⁽⁵⁾

Neurology

(18%)

Nurtec ODT
Tysabri
gantenerumab
zavegepant
seltorexant

Cardio- Metabolic

(13%)

Farxiga Soliqua
omecamtiv aficamten⁽⁵⁾

Immunology

(4%)

Tremfya otilimab
Entyvio

Hematology

(7%)

Promacta

Other

(2%)

Trelegy⁽⁵⁾

1. As of December 31, 2021, unless otherwise indicated; therapeutic area percentages based on Adjusted Cash Receipts in FY 2021.

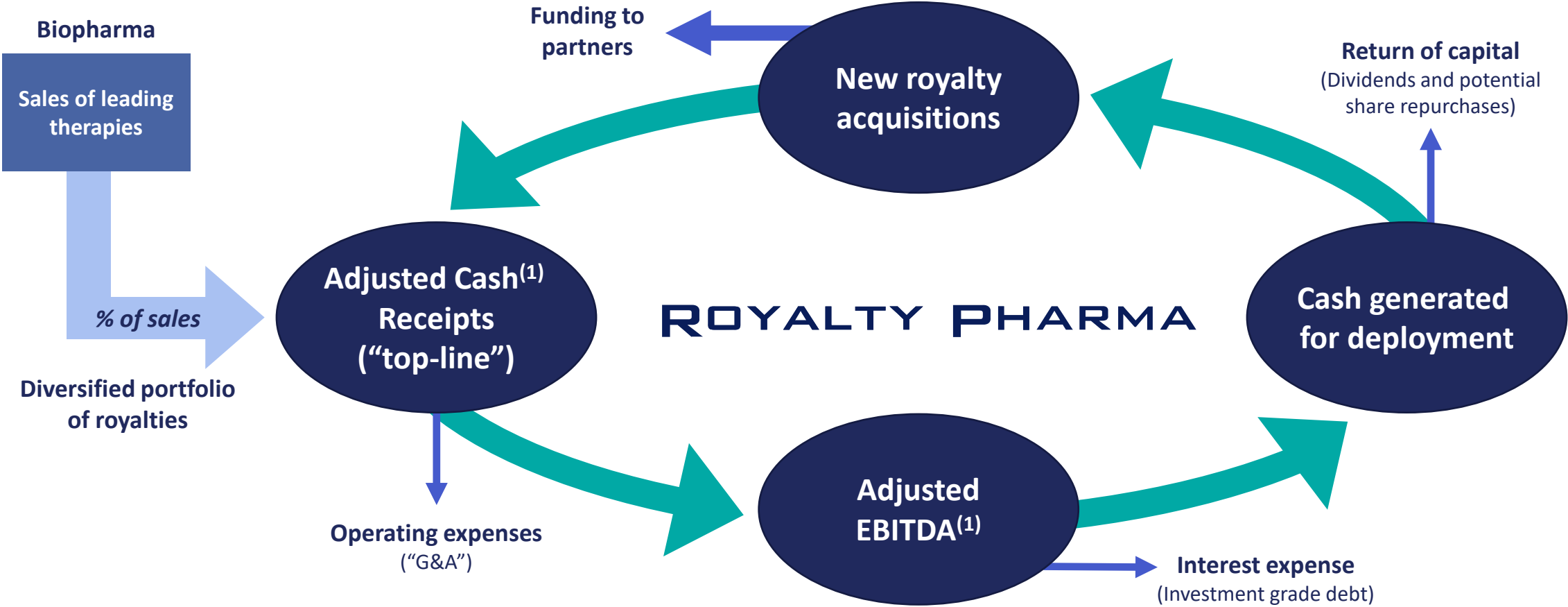
2. Our predecessor was founded in 1996 and we were incorporated under the laws of England and Wales on February 6, 2020. We are externally managed by RP Management, LLC (the “Manager”) and references to “employees” refer to such persons’ role at the Manager.

3. As of September 2022.

4. See slide 13 for definitions. Refer to Royalty Pharma’s Current Report on Form 8-K dated August 4, 2022 for a GAAP to non-GAAP reconciliation.

5. Gavreto royalty added June 2022. Aficamten royalty added January 2022. Trelegy royalty added July 2022. These royalties do not add to percentages of Adjusted Cash Receipts in FY 2021.

Simple and efficient business model focused on cash flow



Large diversified royalty portfolio generates significant cash to redeploy in new royalties

Clear strategic plan to drive robust and value-enhancing growth

1

Existing royalties

Acquire existing royalties on market-leading or late-stage development therapies with high commercial potential

2

Synthetic royalties / R&D funding

Acquire newly-created royalties on approved or late-stage development therapies with strong proof of concept and high commercial potential

3

Launch & development capital⁽¹⁾

Additional funding in exchange for long-term payment streams

4

M&A related

Acquire royalties by facilitating M&A transactions

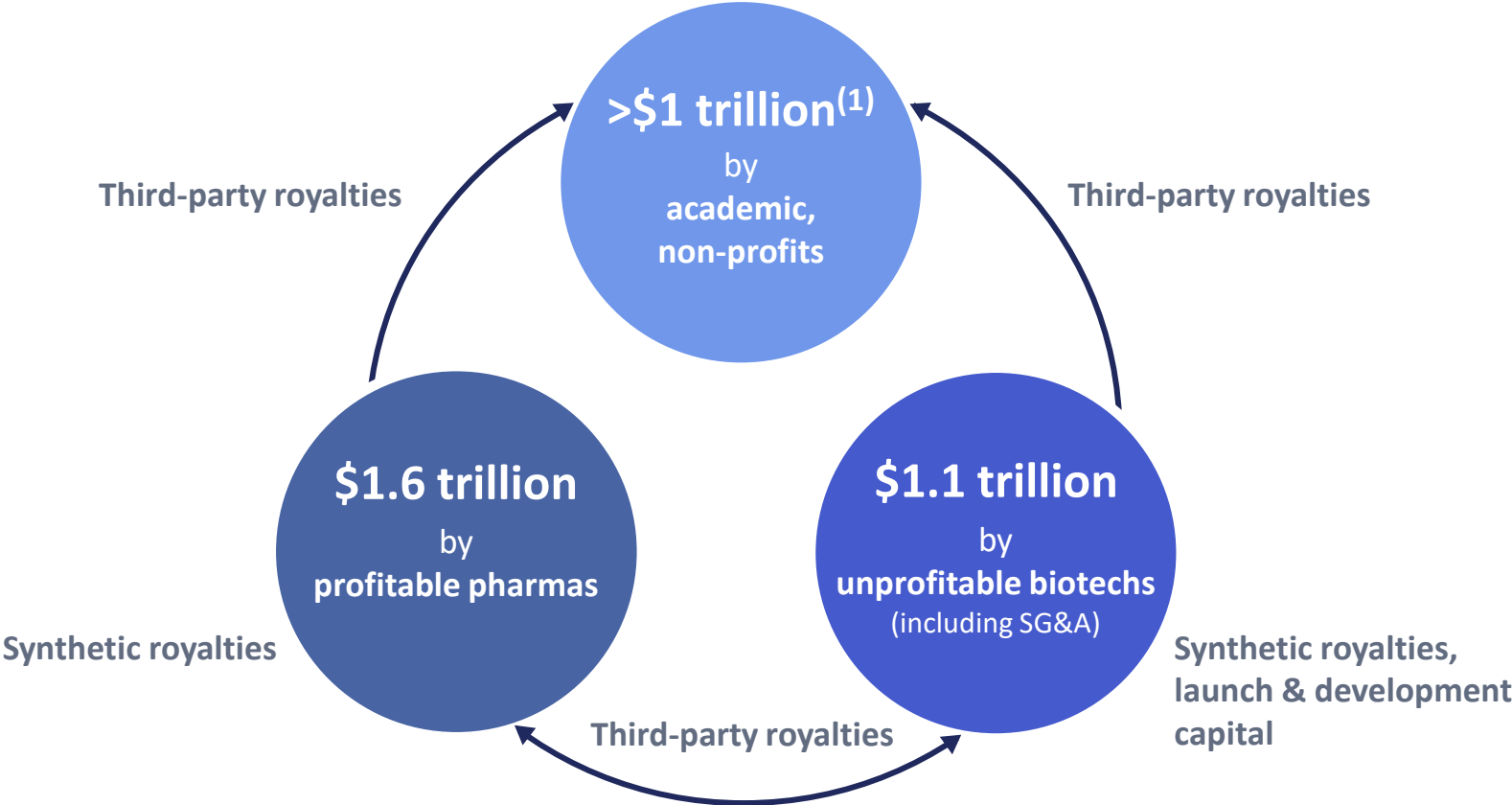
5

Adjacencies

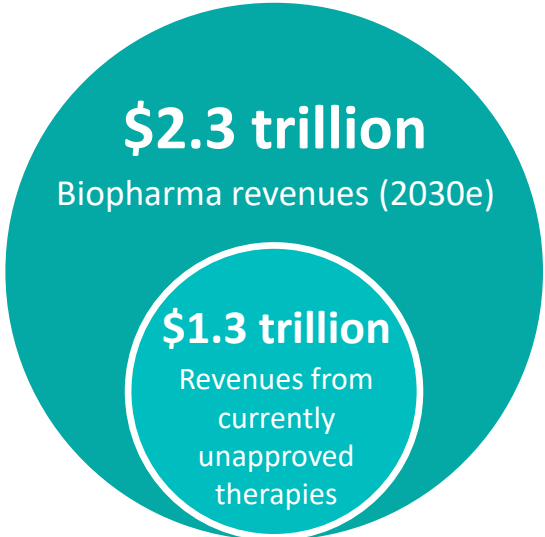
Leverage team's capabilities in business adjacencies

Significant opportunity to fund biopharma innovation

Biopharma ecosystem cumulative R&D spend over next decade



Global pharma market⁽²⁾

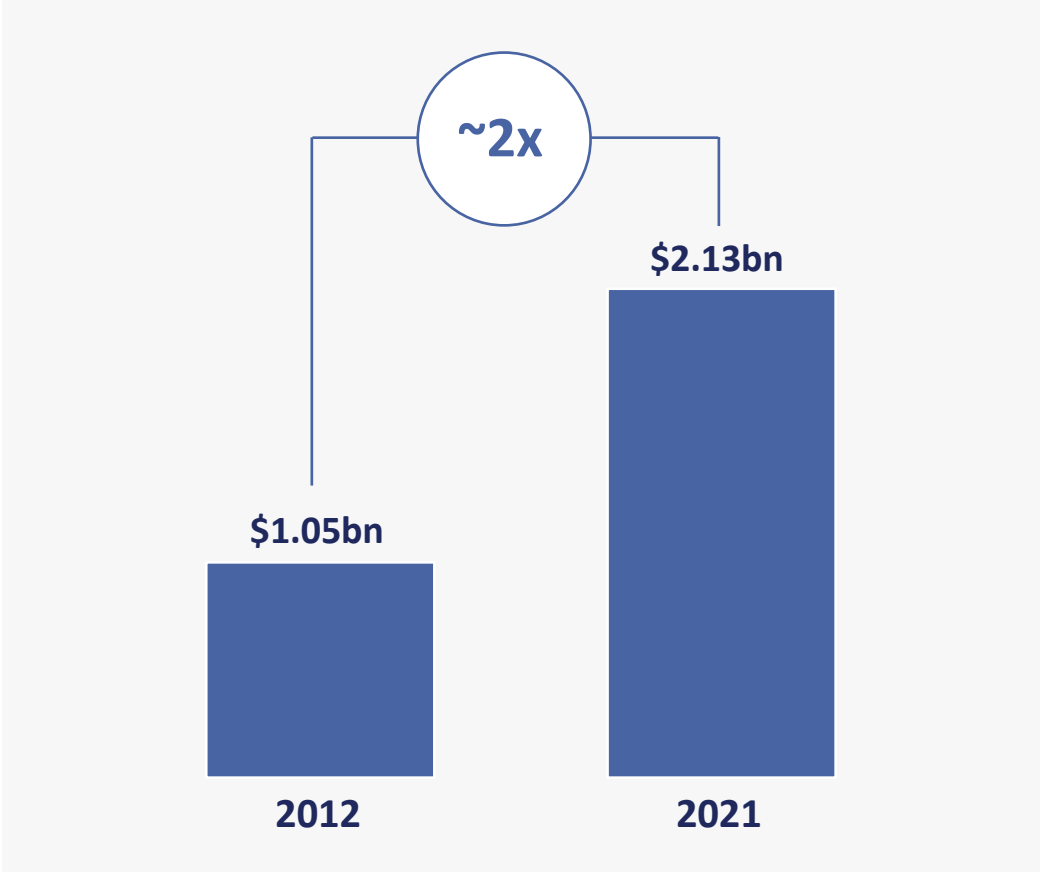


Entire biopharma ecosystem drives our pipeline

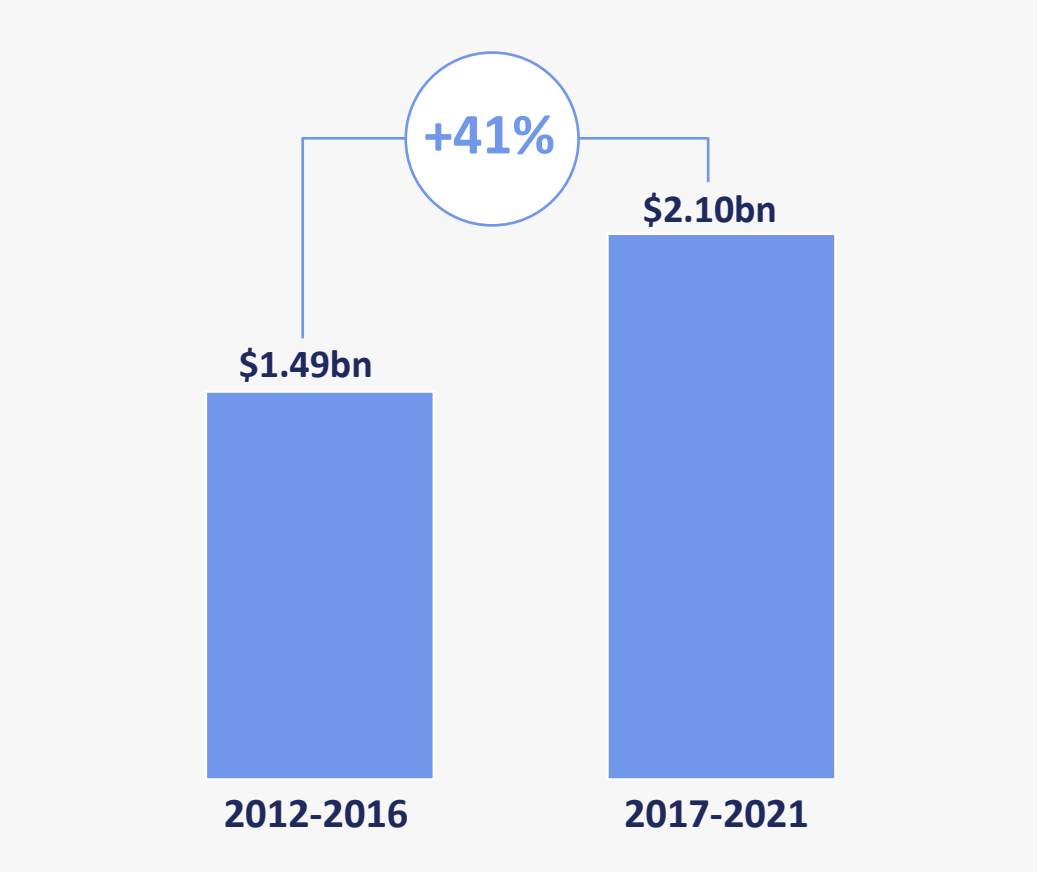
Source: Bloomberg, Visible Alpha and CapIQ
1. Based on estimates from Research America and internal Royalty Pharma analysis.
2. Based on Evaluate Pharma as of May 2022.

Track record of delivering exceptional growth

Adjusted Cash Receipts⁽¹⁾



Capital deployed
(annual average)



1. Adjusted Cash Receipts for periods 2020 and earlier are pro forma for current non-controlling interests. See slide 13 for additional information. Refer to Royalty Pharma’s Current Report on Form 8-K dated August 4, 2022 for a GAAP to non-GAAP reconciliation.

Strong competitive moat in biopharma royalty funding



Business model



Scale



Platform



- Publicly traded company
- Long royalty durations
- Mid-single digit cost of capital
- 2.24% cost of debt⁽¹⁾

- Portfolio ~45 products
- Large investment capacity
- Deep capital markets access
- Ability to leverage portfolio

- Long-tenured team
- Singular biopharma focus
- Long collaboration history
- Deep industry relationships
- Partner of choice

Other Royalty Buyers

- Serial fund structures
- Often shorter royalty durations
- High-single to double-digit cost of capital

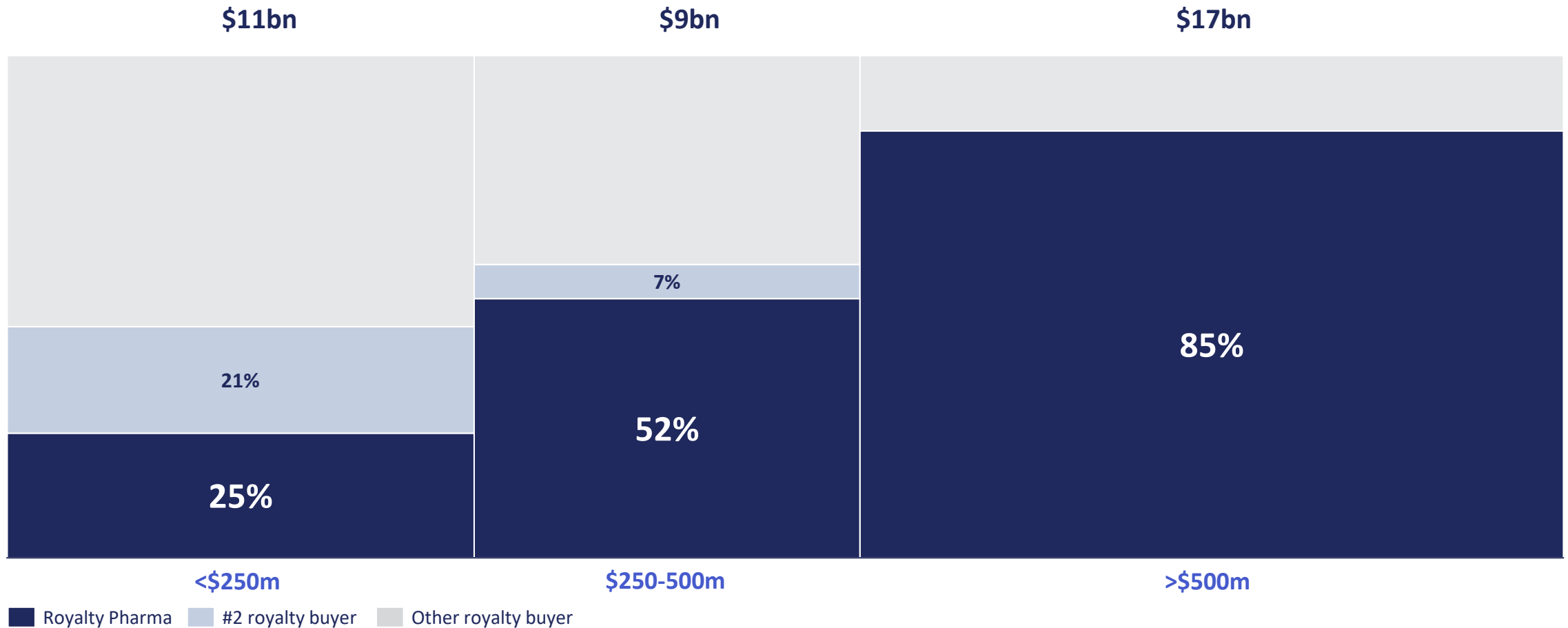
- Smaller, concentrated portfolios
- Funded with significantly more expensive private debt and equity

- Multi-strategy
- New to industry

1. Weighted average coupon.

Royalty Pharma is the leader in royalty transactions

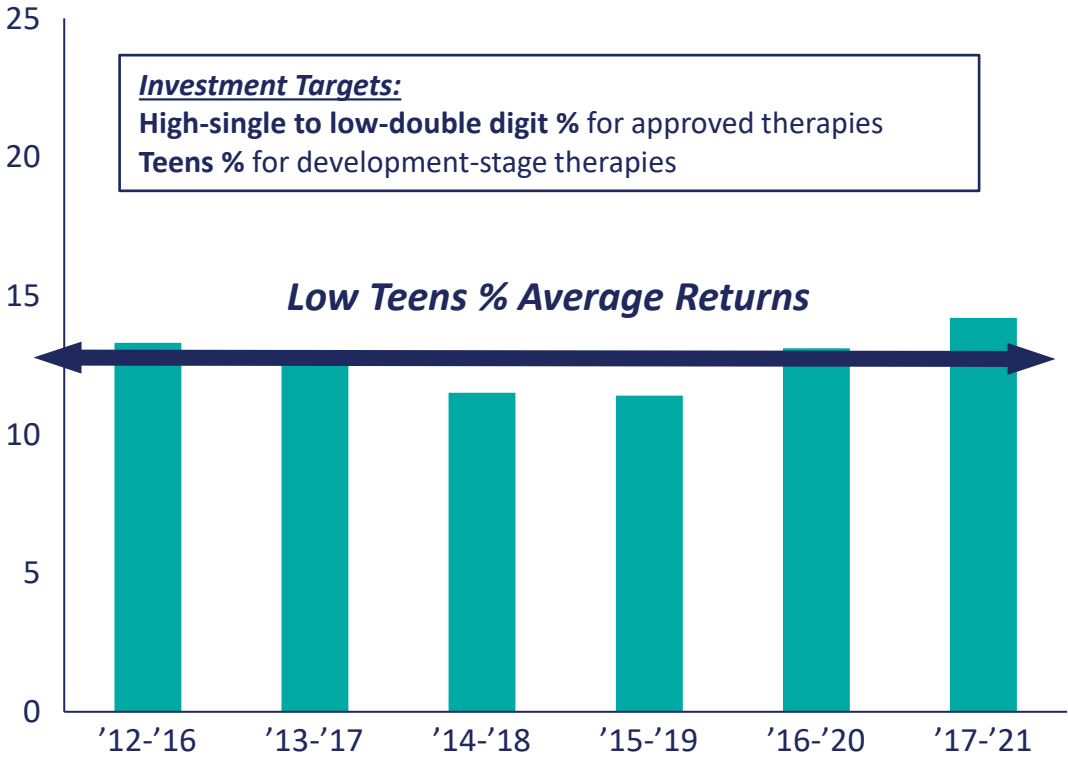
Biopharma royalty market size and share by transaction value, 2012-2022 YTD⁽¹⁾



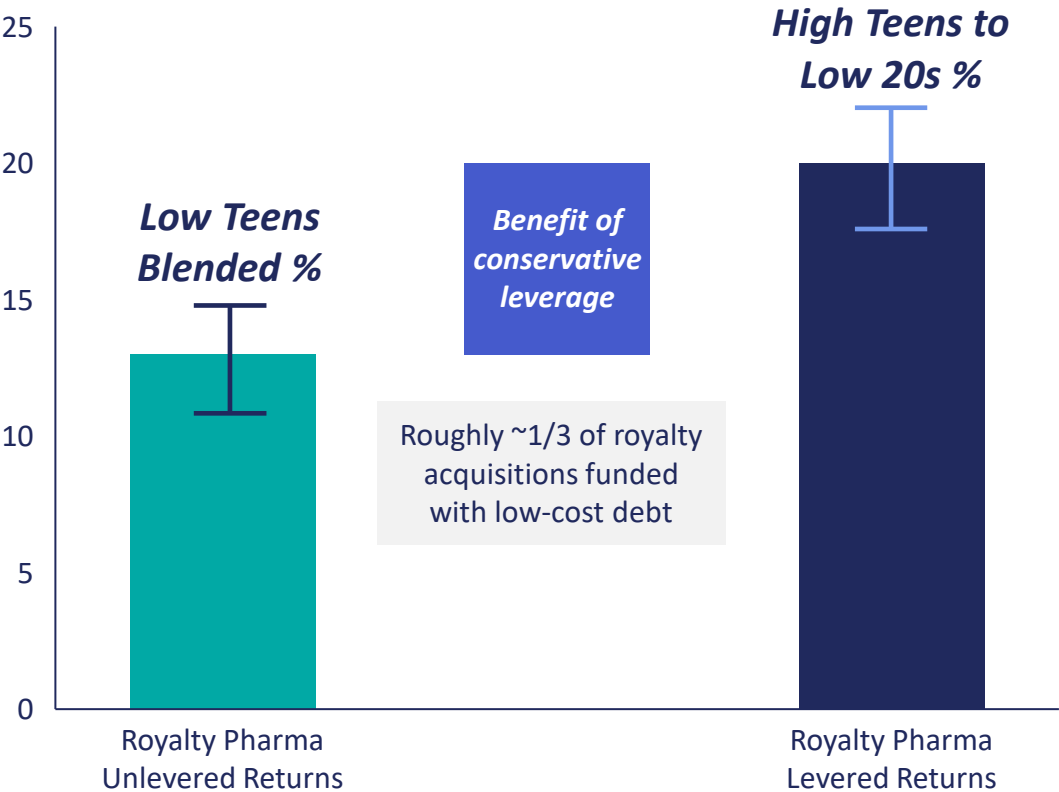
Royalty Pharma has maintained ~60% overall share since 2012 and is the go-to partner for larger transactions

Consistent attractive returns amplified with conservative leverage

Estimated unlevered returns
Rolling 5-year investment periods (%)⁽¹⁾



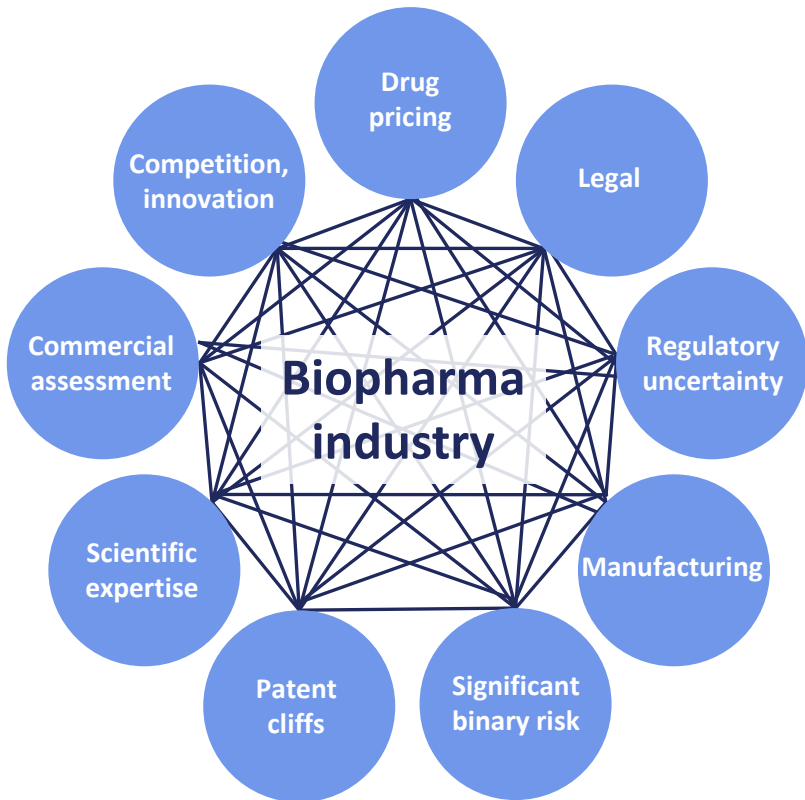
Leverage benefit to return profile
Based on investment periods since 2012 (%)⁽¹⁾



Proven track record of consistent returns, amplified with conservative leverage, creating value in excess of cost of capital

A simple investment proposition in a highly complex industry

Successful biopharma investing is extremely complex



ROYALTY PHARMA offers a simple solution

- ✓ Efficient business of collecting share of top-line revenues on leading products
- ✓ Strong track record of product selection
- ✓ Rigorous diligence processes
- ✓ Highly diversified portfolio
- ✓ Minimal binary clinical risk
- ✓ Proven ability to replenish portfolio

Footnotes

- (1) To aid in comparability, growth in 2020 is calculated based on pro forma 2019 results, 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 interests that resulted from the Reorganization Transactions. The new contractual non-controlling interests 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 Royalty receipts 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 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*, less (1) *Distributions to non-controlling interests*, which represents contractual distributions of royalty receipts and proceeds from available for sale debt securities to our historical non-controlling interests related to the Legacy Investors Partnerships and Royalty Pharma Select Finance Trust (RPSFT). See the Company's Annual Report on Form 10-K filed with the SEC on February 15, 2022 and refer to Royalty Pharma's Current Reports on Form 8-K filed with the SEC on February 15, 2022, May 5, 2022 and August 4, 2022 for additional discussion and GAAP to Non-GAAP reconciliation.
- (3) Adjusted EBITDA is important to lenders and is defined under the credit agreement as Adjusted Cash Receipts less payments for operating and professional costs. Operating and professional costs are comprised of *Payments for operating and professional costs* from the statements of cash flows. See GAAP to Non-GAAP reconciliation in the Company's current report on Form 8-K dated August 4, 2022.
- (4) Adjusted Cash Flow is defined as Adjusted EBITDA less (1) *Development-stage funding payments - ongoing*, (2) *Development-stage funding payments - upfront and milestones*, (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 in the Company's current report on Form 8-K dated August 4, 2022.

Financial Guidance footnote

- (5) Royalty Pharma has not reconciled its non-GAAP 2022 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 equity method investees, 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

ROYALTY PHARMA

We are well positioned for the emerging macro environment

1 Inflation and recessionary risks

- Significant magnitude, duration and diversity of non-cyclical growth
- Strong historical financial performance in prior periods of dislocation
- Benefit of efficient cost base without significant fixed expenses

3 Biotech market pressure

- Expands universe of potential counterparties and royalty opportunities
- Increases attractiveness of royalties versus financing alternatives
- Potential consolidation could result in new M&A royalty opportunities

2 Impact of higher rates on cost of funding

- 2.24% fixed-rate WAC; <1% increase expected through 2025
- Limited near-term refinancing needs with ~60% of debt due 2030+
- Commit to investment grade ratings enables depth of access & low cost

4 Ability to maintain attractive returns

- Flexible investment process enables us to react quickly
- Asset prices adjust in rising rate environment, providing a natural hedge
- Aim to deliver consistent unlevered returns, enhanced with leverage