ROYALTY PHARMA

ROYALTY PHARMA

## Royalty Pharma plc

# Q1 2021 Financial Results

## May 11, 2021

# Forward Looking Statements & Non-GAAP Financial Information

This presentation has been prepared by Royalty Pharma plc (the "Company"), is made for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy securities. 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 presentation unless stated otherwise, and neither the delivery of this presentation 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 presentation contains statements that constitute "forward-looking statements" as that term is defined in the United States Private Securities Litigation Reform Act of 1995, including statements that express the Company's opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results, in contrast with statements that reflect historical facts. Examples include discussion of our strategies, financing plans, growth opportunities and market growth. In some cases, you can identify such forward-looking statements by terminology such as "anticipate," "intend," "believe," "estimate," "plan," "seek," "project," "expect," "may," "will," "would," "could" or "should," the negative of these terms or similar expressions. Forward-looking statements are based on management's current beliefs and assumptions and on information currently available to the Company. However, these forward-looking statements are not a guarantee of the Company'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 presentation 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 presentation 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 presentation, 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 presentation 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 see the Company's reports and documents filed with the U.S. Securities and Exchange Commission ("SEC") by visiting EDGAR on the SEC's website at www.sec.gov.

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 20 and in the Company's earnings release furnished with its current report on Form 8-K dated May 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 |
| **Royalty Acquisitions** | Marshall Urist | EVP, Co-Head of Research and Investments |
| **Portfolio Update** | Jim Reddoch | EVP, Co-Head of Research and Investments & Chief Scientific Officer |
| **Financial Results** | Terrance Coyne | EVP, Chief Financial Officer |
| **Conclusion** | Pablo Legorreta | Founder & Chief Executive Officer |
| **Q&A** | Pablo Legorreta<br>Terrance Coyne<br>Chris Hite<br>Jim Reddoch<br>Marshall Urist | Founder & Chief Executive Officer<br>EVP, Chief Financial Officer<br>EVP, Vice Chairman<br>EVP, Co-Head of Research and Investments & Chief Scientific Officer<br>EVP, Co-Head of Research and Investments |

## Key Highlights

# Pablo Legorreta

Founder & Chief Executive Officer

ROYALTY PHARMA

# Q1 2021 – Executing against our strategy

**Strong double-digit top- and bottom-line growth**[1]

**Robust deal flow with YTD transactions announced of $787m**[2]**, including $582m upfront**

**Exciting collaboration with MSCI on thematic indexes announced**

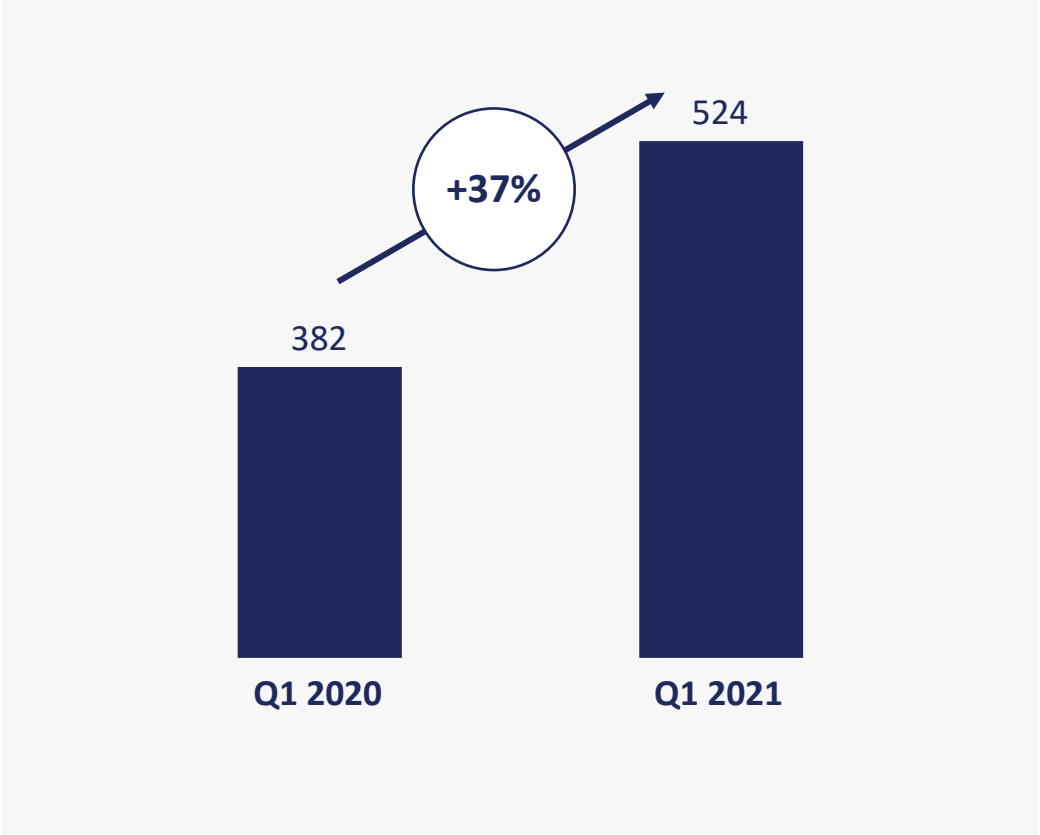
**Raising full-year guidance for Adjusted Cash Receipts**[3] **(excluding new investments)**

ROYALTY PHARMA

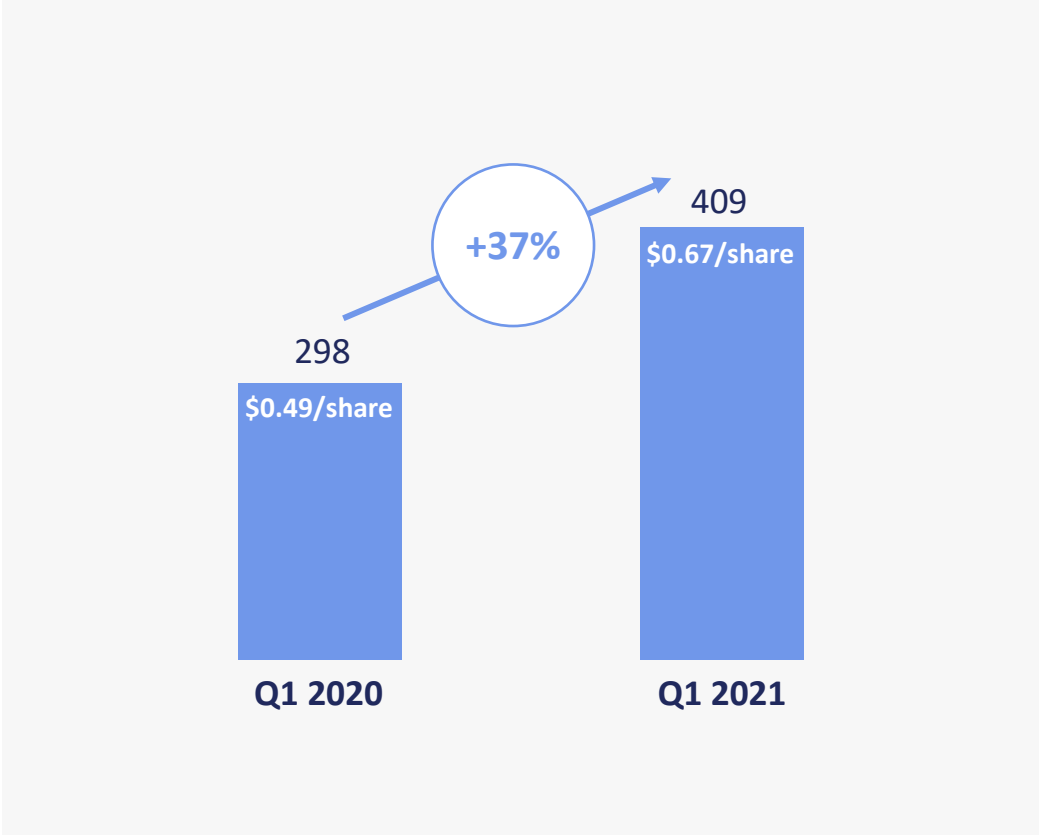
1. Adjusted Cash Receipts and Adjusted Cash Flow, respectively. See slide 20 for definition and additional information.
2. Announced transaction amount of $787 million includes potential milestone payments.
3. See slide 20 for definition and additional information.

# Q1 2021 – Strong double-digit top- and bottom-line growth

**Adjusted Cash Receipts[1]**
($ in millions)




**Adjusted Cash Flow[1,2]**
($ in millions)




1. See slide 20 for definitions. Refer to Royalty Pharma's Current Report on Form 8-K dated May 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 March 31, 2021.

# Developing innovative life science thematic indexes


- Novel collaboration with MSCI to develop new biopharma and life sciences indexes
- Leverages Royalty Pharma's deep scientific knowledge and unique data analytics capabilities
- Expected to generate recurring and growing revenue stream on life science innovation
- Expands commitment and recognition as leading funder of innovation in biopharma
- Minimal additional investment required

## Royalty Acquisitions

# Marshall Urist, MD, PhD

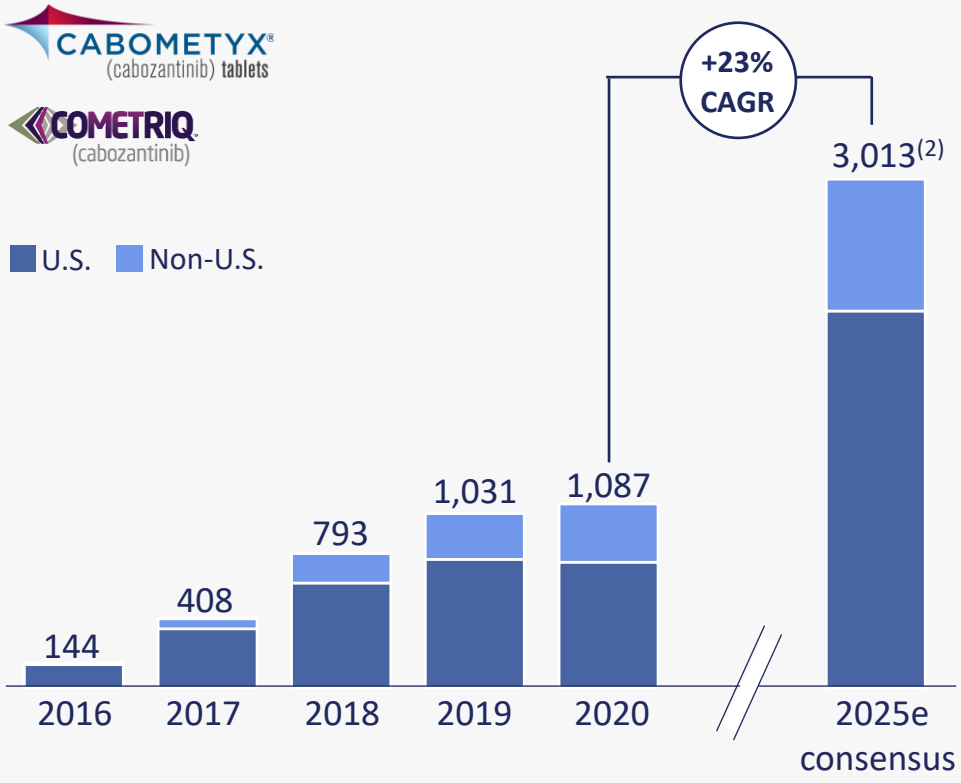
Executive Vice President
Co-Head of Research and Investments

ROYALTY PHARMA

# Cabometyx - leading TKI approved in multiple indications

- Acquired GSK's royalty in cabozantinib products Cabometyx/Cometriq
  - $342 million upfront, $50 million potential milestone payments
  - 3% royalty on worldwide net sales
- Cabozantinib is a leading TKI approved for advanced renal cell carcinoma (RCC) and hepatocellular carcinoma (HCC)
- Additional studies ongoing: 1L HCC, 2L NSCLC and 2L mCRPC
- Marketed by Exelixis in the U.S., Ipsen in regions outside the U.S. and Japan, Takeda in Japan

**Sales evolution[1]**
($ in millions)

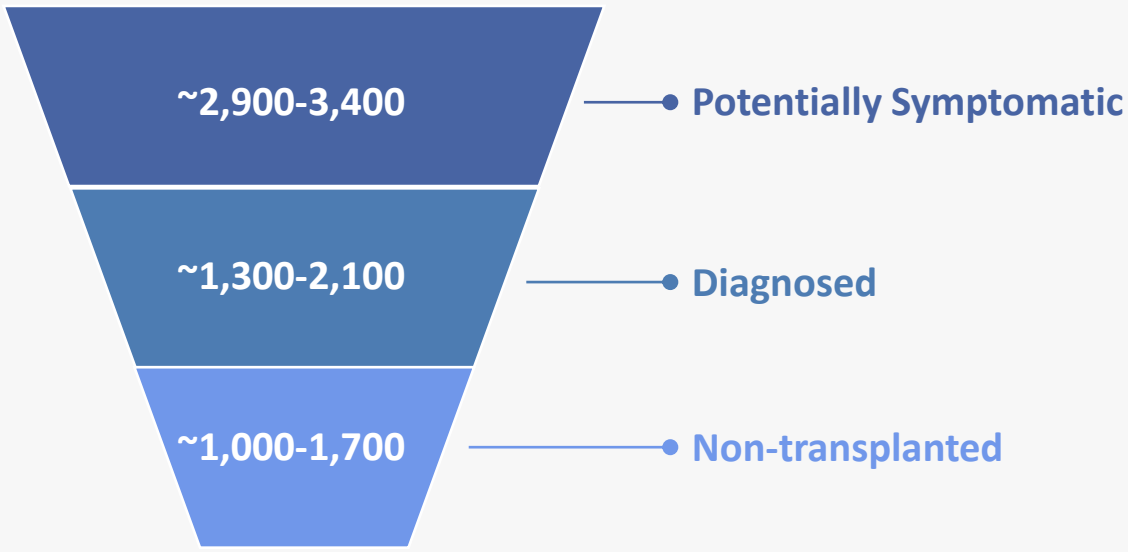



TKI: multi-tyrosine kinase inhibitor; NSCLC: Non small cell lung cancer; mCRPC: metastatic castrate resistant prostate cancer.
1. Sales as disclosed by Exelixis and Ipsen; Ipsen sales translated from euros to U.S. dollars using the average month-end foreign exchange rates for the years indicated.
2. Consensus per Visible Alpha.

# Oxlumo - transformative rare disease therapy for PH1

- Acquired Dicerna's royalty interest in Oxlumo (lumasiran)
  - $180 million upfront payment
  - $60 million potential sales-based milestones
  - Mid-high single digit royalty
- Approved in the U.S. and EU in November 2020 for PH1
- PH is an ultra-rare, life-threatening genetic disorder that initially manifests with complications in the kidneys
- Consensus[1] sales of $333 million in 2025
- Marketed by Alnylam

**Primary Hyperoxaluria (PH) Type 1:**
Patients in the U.S. / EU[2]




Growth opportunity with increased awareness, diagnosis and commercial expansion

1. Consensus per Visible Alpha.
2. U.S. population = 328 million, EU population (including U.K.) = 513 million.

Sources: Alnylam Presentation "Conference Call to Discuss FDA Approval of OXLUMO" – November 24, 2020 (https://alnylampharmaceuticalsinc.gcs-web.com/static-files/b60ae344-3fcd-4545-86d2-f78846efc287:
1. Hopp K, et al. J Am Soc Nephrol. 2015 Feb 2; 2. Cochat et al. Nephrol Dial Transplant. 1995; 10: 3–7; 3. Kopp and Leumann. Nephrol Dial Transplant. 1995; 10: 2224–2227; 4. van Woerden, et al. Nephrol Dial Transplant. 2003; 18: 273–279; 5. Data on file. Alnylam chart review studies (U.S. and EU) estimated 17% transplant rate, rounded up to 20%; 6. Cochat P, et al. N Engl J Med. 2013 Nov 28;369(22):2163; 7. Harambat J. Clin J Am Soc Nephrol. 2012 Mar;7(3):458-65; 8. Kamoun A. Pediatr Nephrol. 1996 Aug;10(4):479-82).

## Portfolio Update

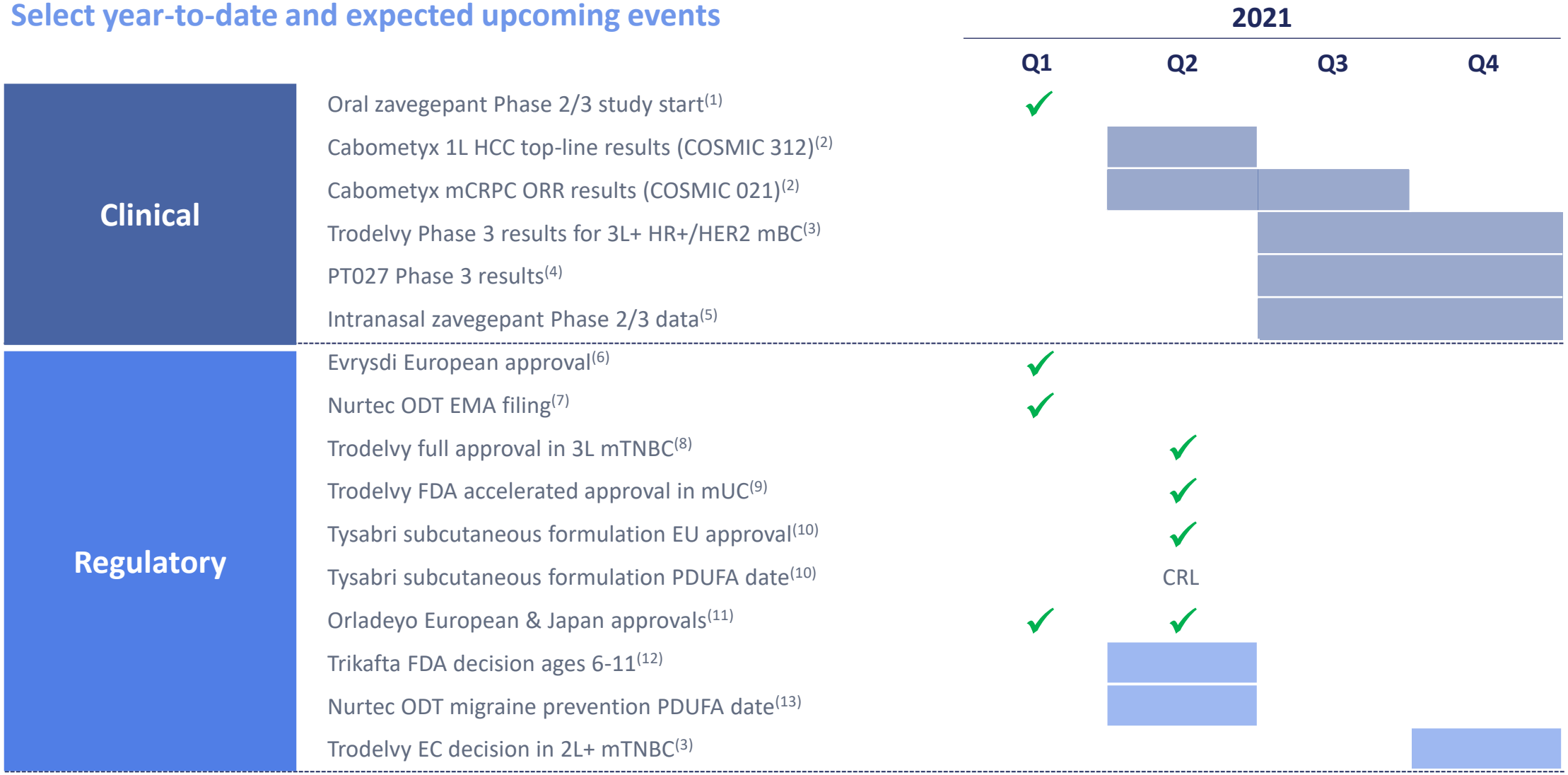
# Jim Reddoch, PhD

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

ROYALTY PHARMA

# Strong portfolio progress with important upcoming events

## Select year-to-date and expected upcoming events




FDA: Food & Drug Administration; EMA: European Medicines Agency; PDUFA: Prescription Drug User Fee Act; EC: European Commission; HCC: Hepatocellular Carcinoma; mCRPC: metastatic Castrate Resistant Prostate Cancer; mTNBC: metastatic Triple Negative Breast Cancer; mUC: metastatic Urothelial Cancer; ORR: Overall Response Rate; CRL: Complete Response Letter

1. Biohaven press release, March 29,2021; 2. Exelixis earnings call, May 6, 2021; 3. Gilead Q1 2021 earnings slides, April 29, 2021; 4. AstraZeneca Q1 2021 earnings slides, April 30, 2021; 5. Biohaven press release, May 10, 2021; 6. Roche press release, March 30, 2021; 7. Biohaven press release, March 1, 2021; 8. Gilead press release, April 7, 2021; 9. Gilead press release, April 13, 2021; 10. Biogen press release, April 28, 2021; 11. BioCryst press releases, January 22, 2021 and April 30, 2021 12. Vertex press release, January 26, 2021, PDUFA target action date of June 8, 2021; 13. Biogen press release, March 1, 2021.

## Financial Results

# Terrance Coyne

Executive Vice President
Chief Financial Officer

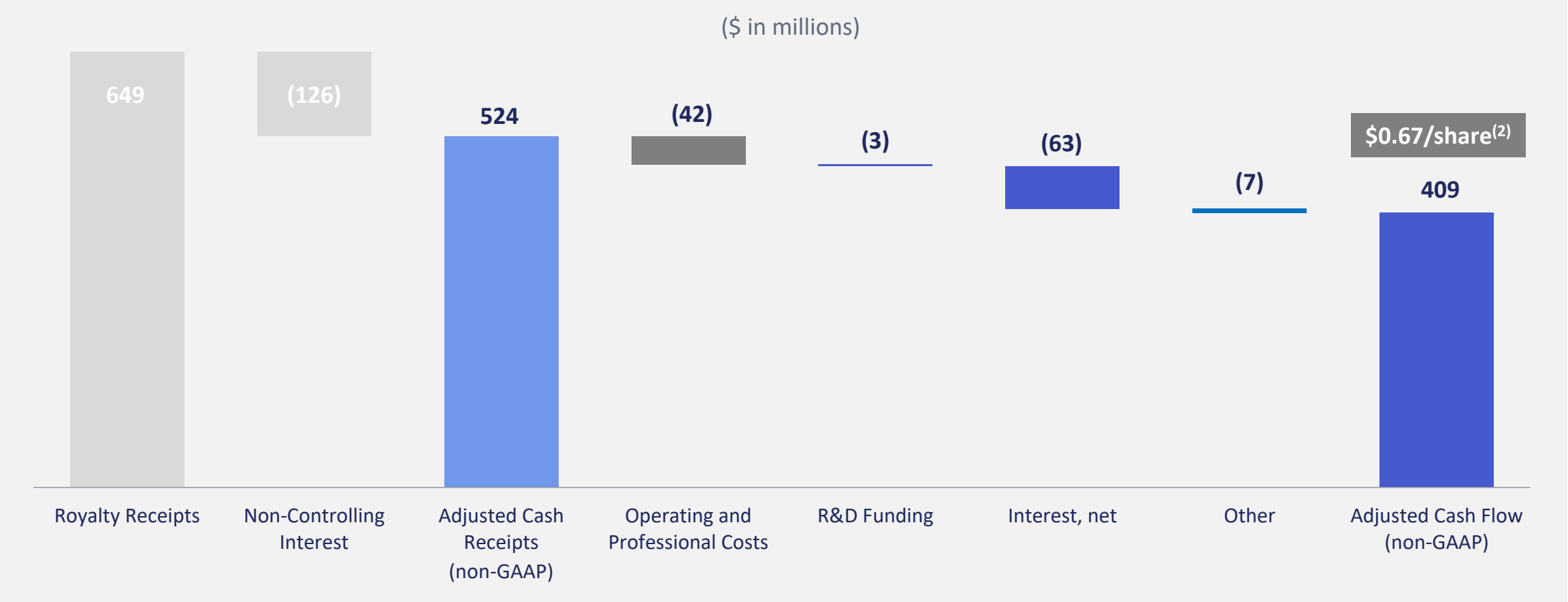
ROYALTY PHARMA

# Total Royalty Receipts growth of 19% in Q1 2021


1. Amounts may not add due to rounding.

# Strong Adjusted Cash Flow conversion in Q1 2021

## Q1 2021 Adjusted Cash Flow (Non-GAAP)[1]




| % Adjusted Cash Receipts | 8.0% | 78.1% |
|---|---|---|

1. Refer to slide 20 for definitions. Refer to Royalty Pharma's Current Report on Form 8-K dated May 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 March 31, 2021.

# Strong balance sheet liquidity to drive new royalty acquisitions

- $1.8 billion of cash, cash equivalents and marketable securities as of March 31, 2021
- Capital deployed of $521 million in Q1 2021
- $6.0 billion of investment grade debt
  - Total leverage of 3.4x[1]
  - Net leverage of 2.4x[2]

## Cash, cash equivalents & marketable securities

($ in millions)


1. Total leverage is calculated as Total debt divided by EBITDA (as defined in credit agreement); refer to Exhibit 10-2 of the RPRX IPO S-1 for compliance EBITDA calculation.
2. Net leverage is calculated as Total debt less 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.
3. Refer to slide 20 for definitions; refer to Royalty Pharma's Current Report on Form 8-K dated May 11, 2021 for a GAAP to non-GAAP reconciliation.
4. Acquisitions primarily relates to royalty acquisitions of Cabometyx/Cometriq, seltorexant and the Biohaven transactions.
5. Other represents distributions to shareholders and other items.

# Full-year 2021 guidance[1,2]

**Adjusted Cash Receipts: $1,940 to $1,980 million**
excluding new transactions[1,2]
*(previously $1,910 to $1,960)*

**Operating & professional costs: approximately 9%-10%**
of Adjusted Cash Receipts[2]
*(unchanged)*

1. See Slide 20 for definitions and for additional information regarding Royalty Pharma's 2021 full-year financial guidance.
2. This guidance is as of May 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.

## Conclusion

# Pablo Legorreta

Founder & Chief Executive Officer

ROYALTY PHARMA

# 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 May 11, 2021.

3) Adjusted Cash Flow is calculated as Adjusted Cash Receipts less (1) payments for operating and professional costs, (2) ongoing development-stage funding payments, (3) interest paid, net, (4) swap collateral (posted) or received, net, (5) swap termination payments, and (6) investment 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.

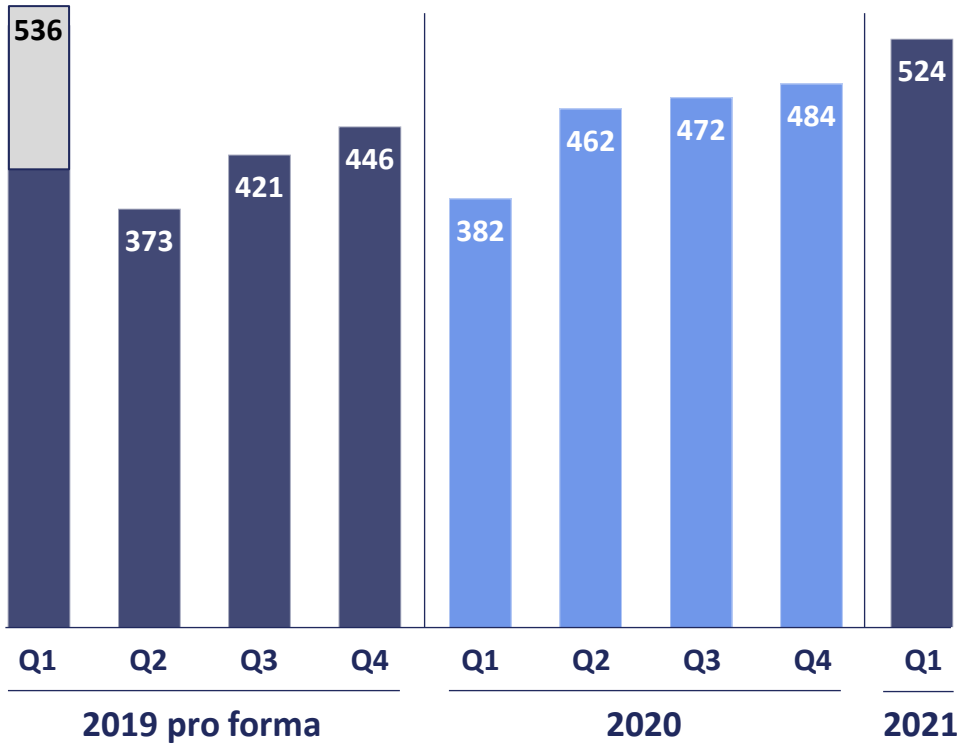
# Appendix

ROYALTY PHARMA

# Delivering top- and bottom-line growth

## Adjusted Cash Receipts[1]

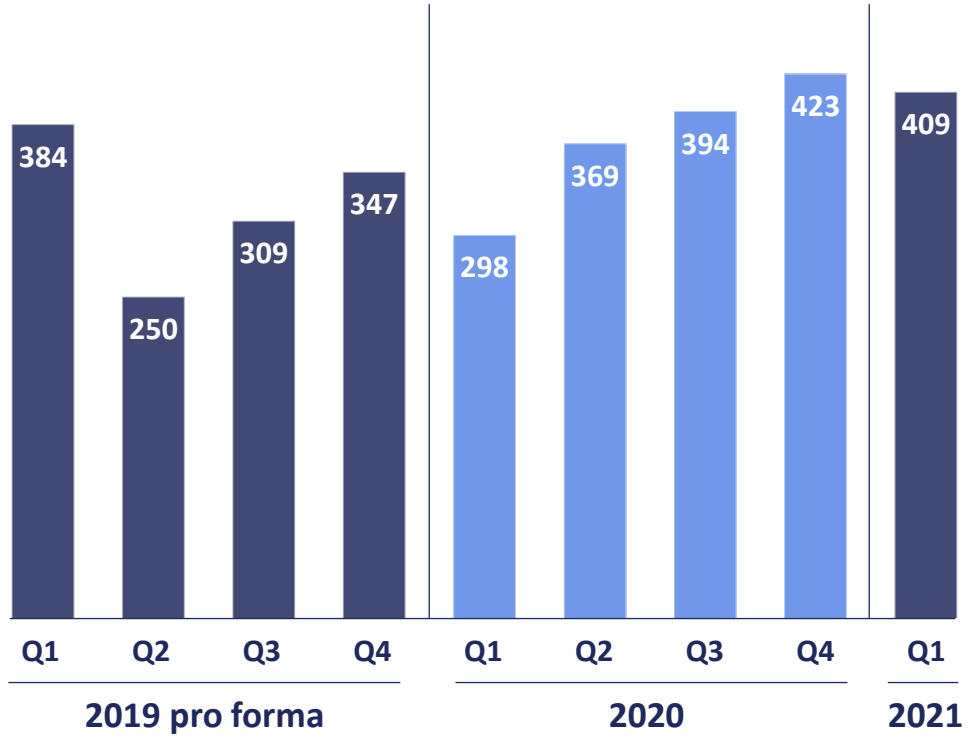
($ in millions)




Tecfidera payment ($150 million)

## Adjusted Cash Flow[1]

($ in millions)




ROYALTY PHARMA

1. See slide 20 for definitions and additional information. Refer to Royalty Pharma's Current Report on Form 8-K dated May 11, 2021, February 17, 2021, November 10, 2020, August 12, 2020, July 14, 2020 and the 10-K for GAAP to non-GAAP reconciliations.

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



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