ROYALTY PHARMA

PRE-QUARTERLY RESULTS COMMUNICATION

NEW YORK, NY, April 14, 2021 - Royalty Pharma plc (Nasdaq: RPRX) intends to announce its financial results for the first quarter of 2021 on May 11, 2021. An invitation for the results webcast will follow shortly. To assist in the financial modeling of its first quarter 2021 results, the company has compiled the following items.

Non-GAAP Financial Measures

Royalty Pharma focuses on certain non-GAAP financial measures to manage its business. These measures, which are presented as supplemental measures to GAAP financial performance, include Adjusted Cash Receipts, Adjusted EBITDA and Adjusted Cash Flow.

Royalty Pharma believes these non-GAAP financial measures provide meaningful information on the company's ability to generate cash from operations and on its liquidity. In addition, they can help to identify underlying trends in the business and permit investors to more fully understand how management assesses the performance of the company, including planning and forecasting for future periods (see section 'Use of Non-GAAP Financial Measures').

First Quarter 2020 Non-GAAP Financial Data

Table 1 sets out historical non-GAAP financial data for the first quarter of 2020, which will form the basis for comparison of the first quarter 2021 non-GAAP financial results. For reference, the historical non-GAAP financial data for the fourth quarter of 2020 is also included.

Additional historical non-GAAP financial measures and the respective GAAP to non-GAAP reconciliations for the first quarter and fourth quarter of 2020 can be found under the section 'Historical Non-GAAP Financials'.

Table 1 – Non-GAAP Financial Measures - First Quarter and Fourth Quarter 2020 (Unaudited)

($ in millions)	First Quarter 2020	Fourth Quarter 2020
Net cash provided by operating activities (GAAP)	**471**	**566**
Royalty Receipts		
Cystic fibrosis franchise	99	159
Tysabri	84	93
Imbruvica	78	85
HIV franchise	84	78
Januvia, Janumet, Other DPP-IVs	35	40
Xtandi	35	39
Promacta	36	42
Farxiga/Onglyza	-	8
Prevymis	-	8
Crysvita	-	3
Erleada	1	3
Emgality	2	3
IDHIFA	-	3
Tazverik	-	0
Nurtec ODT	-	0
Trodelvy	-	2
Evrysdi	-	0
Lyrica	6	5
Letairis	15	9
Other Products[3]	69	46
Total Royalty Receipts	**544**	**627**
Distributions to non-controlling interest	(161)	(143)
Adjusted Cash Receipts (Non-GAAP)[1]	**382**	**484**
Payments for operating and professional costs	(26)	(50)
Adjusted EBITDA (Non-GAAP)[4]	**356**	**434**
Ongoing development-stage funding payments	(8)	(2)
Interest paid, net	(49)	(1)
Swap collateral received	45	-
Swap termination payments	(35)	-
Investment in non-consolidated affiliates	(13)	(11)
Contributions from non-controlling interest- R&D	1	2
Adjusted Cash Flow (Non-GAAP)[2]	**$298**	**$423**

Amounts shown in the table may not add due to rounding.
For footnote references, see 'Notes' on page 10.

Net Cash Provided by Operating Activities (GAAP)

Net cash provided by operating activities (GAAP) is a subtotal directly from our Statement of Cash Flows. Table 4 under 'Historical Non-GAAP Financials' provides reconciliations of our non-GAAP financial measures to their most comparable GAAP financial measures for the first quarter of 2020, in each case being Net cash provided by operating activities.

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

Adjusted Cash Receipts comprise the cash royalties received from the marketers of therapies in which the company holds royalty rights, less distributions to non-controlling interest:

- 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 received by Royalty Pharma on Imbruvica in the first quarter of 2021 will reflect worldwide net sales of the product in the fourth quarter of 2020 ($1,790 million based on reported results from AbbVie and Johnson & Johnson) and the tiered mid-single digit royalty rate on worldwide net sales. Tables 2 and 3 set out the reported performance of key products in the fourth quarter of 2020 and the royalty rates, where disclosed.
- In instances where royalty rates are tiered, royalty rates typically reset at the beginning of the year and lower royalty 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 HIV, Promacta and Cystic fibrosis) have the potential to increase during the course of the calendar year, with second quarter Royalty Receipts often including royalties on sales at the lowest royalty tier and the first quarter Royalty Receipts including sales at a higher royalty tier.
- Non-controlling interest represents 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 interest.' In the 2020 financial year, distributions to non-controlling interest were $544 million on an as reported basis. In the fourth quarter of 2020, distributions to non-controlling interest amounted to $143 million on an as reported basis.

Table 2 – Net Sales Performance of Key Products - Fourth Quarter 2020 (Unaudited)

($ in millions)	Marketing Company	Revenues Fourth Quarter 2020	% change year/year
Products			
Cystic fibrosis franchise	Vertex	1,627	15
Tysabri	Biogen	475	3
Imbruvica	AbbVie, Johnson & Johnson	1,790[1]	15
HIV franchise	Gilead, others	4,257[2]	(7)
Januvia, Janumet, other DPP-IVs	Merck & Co., others	1,328[3]	(6)
Xtandi	Pfizer, Astellas	1,122[4]	14
Promacta	Novartis	471	23
Farxiga/Onglyza	AstraZeneca	691	26
Prevymis	Merck & Co.	80	61
Crysvita	Ultragenyx, Kyowa Kirin	35[5]	76
Erleada	Johnson & Johnson	241	107
Emgality	Eli Lilly	110	66
Trodelvy	Gilead	64[6]	n/a
Nurtec ODT	Biohaven	35	n/a
Tazverik	Epizyme	5	n/a
Evrysdi	Roche	52[7]	n/a

(1) AbbVie reported U.S. revenues of $1,165 million (+8.6% year/year); Johnson & Johnson reported international revenues of $625 million (+29% year/year).

(2) HIV revenues shown for Gilead's HIV franchise; Royalty Pharma is entitled to royalties on products that contain emtricitabine

(3) Januvia, Janumet, Other DPP-IVs include the following approved products: Tradjenta, Onglyza, Kombiglyze, Galvus, Eucreas and Nesina. The other DPP-IVs are marketed by Boehringer Ingelheim, AstraZeneca, Novartis and Takeda. DPP-IV revenues represented in this table include Merck's Januvia and Janumet revenues.

(4) Xtandi revenues of 117.2 billion Japanese yen translated from Japanese yen at an average U.S. dollar exchange rate of 104.4; year-over-year growth as reported by Astellas in Japanese yen. Xtandi growth rate in U.S. dollars in fourth quarter of 2020 calculated to be 19% using the average U.S. dollar to Japanese yen exchange rate of 108.7 in the fourth quarter of 2019 and 104.4 in the fourth quarter of 2020.

(5) Kyowa Kirin reported EMEA revenues of 3.8 billion Japanese yen translated from Japanese yen at average U.S. dollar exchange rate of 104.4; year-over-year growth is in Japanese yen.

(6) Trodelvy sales for the fourth quarter and full year 2020, including the period prior to the completion of Gilead's acquisition of Immunomedics, were $64 million and $137 million, respectively.

(7) Roche global revenues of 47 million Swiss francs translated from Swiss francs at average U.S. dollar exchange rate of 0.90.

Table 3 – Public Disclosures of Royalty Rates by Product

Product	Estimated Royalty Expiration[1]	Royalty Rate[2]
Cystic fibrosis franchise	2037[3]	For combination therapies, sales are allocated equally to each of the active pharmaceutical ingredients; tiered royalties ranging from single digit to 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
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	2027-2029	Tiered royalties in the mid-single digits on annual worldwide net sales
HIV franchise	2021[4]	Royalties in the single digit percentages on annual worldwide net sales varying by product depending on contribution of emtricitabine to the total
Januvia and Janumet	2022	Royalties in the low single digit percentages on annual worldwide net sales
Xtandi	2027-2028	Royalties slightly less than 4% on annual worldwide net sales
Promacta	2025-2027	Tiered royalty ranging from 4.7% to 9.4% on annual worldwide net sales
Prevymis	2029	Low double-digit royalty on annual worldwide net sales up to $300 million
Emgality	2033	Low single-digit royalties on annual worldwide net sales
Crysvita	2033-2038[5]	10% royalty on EU, UK and Switzerland annual net sales
Erleada	2032	Low single-digit royalties on annual worldwide net sales
IDHIFA	2033-2037[6]	Tiered royalties in the low double-digits to mid-teens based on annual worldwide sales
Trodelvy	Perpetual	4.15% royalty on annual worldwide net sales up to $2 billion, declining stepwise based on sales tiers to 1.75% on annual worldwide net sales above $6 billion
Nurtec ODT and zavegepant	2034-2036	2.1% royalty on annual combined worldwide net sales 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 and up to 3.0% incremental royalty on zavegepant worldwide net sales
Tazverik	2034[7]	Royalties in the mid-teen percentages on annual worldwide net sales, stepping down on annual worldwide net sales above certain sales thresholds
Evrysdi	2030-2035[8]	Total royalties are tiered at 8% on worldwide net sales up to $500 million, 11% on net sales between $500 million and $1 billion, 14% on net sales between $1 billion and $2 billion; 16% on net sales over $2 billion; Royalty Pharma is entitled to approximately 43% of total royalties
Orladeyo	2035-2039[9]	8.75% on direct annual net sales of up to $350 million, 2.75% on sales between $350 million and $550 million, no royalty on sales over $550 million; tiered percentage of sublicense revenue in certain territories

Notes:

(1) Dates shown represent management's estimates of when a royalty will substantially end, which may depend on patent expiration dates (which may include patent term extensions) or other factors and may vary by geography. Royalty expiration dates can change due to patent, regulatory, commercial or other developments. 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 generic entry.

(4) Represents patent expiration date in the United States as patents in major jurisdictions outside the United States have expired.

(5) Royalties expire when we receive aggregate royalties equal to $608 million if that happens prior to December 31, 2030, and otherwise when we receive aggregate royalties of $800 million.

(6) Represents estimated patent expiration dates in the United States and Europe, respectively.

(7) Represents the estimated patent expiration date in the United States.

(8) 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.

(9) Royalty is perpetual; years shown represent estimated United States patent expiration for Orladeyo and potential sales decline based on generic entry.

Adjusted EBITDA (Non-GAAP)[4]

Adjusted EBITDA is a non-GAAP measure used by Royalty Pharma which comprises Adjusted Cash Receipts less payments for operating and professional costs. In the fourth quarter and full year of 2020, Payments for operating and professional costs were $50 million (10.4% of Adjusted Cash Receipts) and $180 million (10.0% of Adjusted Cash Receipts), respectively.

Adjusted Cash Flow (Non-GAAP)[2]

Adjusted Cash Flow is a non-GAAP measure which is comprised of Adjusted EBITDA less ongoing development-stage funding payments, net interest paid and miscellaneous other items relating to swap arrangements, investments in non-consolidated affiliates and contributions from non-controlling interest:

- In the fourth quarter of 2020, ongoing development-stage R&D funding payments declined to $2 million, as compared to $16 million in the fourth quarter of 2019, as the final payment was made in the fourth quarter of 2019 for the collaboration with Pfizer on the Phase 3 studies of Ibrance in adjuvant breast cancer.
- Net interest paid reflects the weighted average cost of borrowings and the company's capital structure. In the fourth quarter of 2020, net interest paid was $1 million as compared to $50 million in the fourth quarter of 2019 on a pro forma basis due to the impact of the notes offering which closed on September 2, 2020. Net interest paid is anticipated to be approximately $64 million in the first and third quarters of 2021 with a de minimis amount recorded in the second and fourth quarters, assuming no additional debt financings in 2021.

Liquidity and Capital Resources

As of December 31, 2020, Royalty Pharma had cash, cash equivalents and marketable securities in the amount of $2.0 billion and $5.8 billion of long-term debt outstanding, consisting of senior unsecured notes that were issued in an aggregate principal amount of $6.0 billion.

Three transactions took place in the first quarter, resulting in a cash outflow of $502 million in the period:

- On January 19, 2021, Royalty Pharma announced an agreement to acquire Minerva's royalty interest in seltorexant. The agreement includes an upfront payment of $60 million and potential milestone payments of up to $95 million (link: Royalty Pharma Minerva press release).
- On March 29, 2021, Biohaven announced that it enrolled the first patient in a Phase 2/3 clinical trial of oral zavegepant for the preventive treatment of migraine. Accordingly, per the agreement with Biohaven announced in August 2020, Royalty Pharma paid $100 million to Biohaven for the achievement of this milestone which brings the total zavegepant funding to $250 million. As a reminder, Royalty Pharma is entitled to success-based milestone payments that range from 0.6x to 2.95x of the zavegepant funded amount depending on the number of regulatory approvals achieved for zavegepant (including 1.9x for the first zavegepant migraine regulatory approval) which would be paid over a ten-year period.
- On March 31, 2021, Royalty Pharma announced an agreement to acquire a royalty interest in the cabozantinib products Cabometyx and Cometriq from GlaxoSmithKline for an upfront

payment of $342 million and up to $50 million in additional payments contingent on the achievement of regulatory approvals of cabozantinib for prostate cancer and lung cancer in the U.S. and Europe. Cabometyx and Cometriq are marketed by Exelixis in the United States, and by their partner Ipsen in regions outside the U.S. and Japan. Cabometyx is marketed in Japan by Exelixis' partner Takeda.

Historical Non-GAAP Financials

Table 4 – GAAP to Non-GAAP Reconciliations - First Quarter and Fourth Quarter 2020

(*$ in millions*)	First Quarter 2020	Fourth Quarter 2020
Net cash provided by operating activities (GAAP)	**471**	**566**
Adjustments:		
Proceeds from available for sale debt securities[8]	-	3
Interest paid, net[5]	49	1
Ongoing development-stage funding payments[6]	8	2
Upfront development-stage funding payments[6]	-	6
Payments for operating and professional costs	26	50
Swap termination payments	35	-
Distributions to non-controlling interest[5]	(161)	(143)
Swap collateral received	(45)	-
Adjusted Cash Receipts (non-GAAP)	**$382**	**$484**
Net cash provided by operating activities (GAAP)	471	566
Adjustments:		
Proceeds from available for sale debt securities[8]	-	3
Interest paid, net[5]	49	1
Ongoing development-stage funding payments[6]	8	2
Upfront development-stage funding payments[6]	-	6
Swap termination payments	35	-
Distributions to non-controlling interest[5]	(161)	(143)
Swap collateral received	(45)	-
Adjusted EBITDA (non-GAAP)	**$356**	**$434**
Net cash provided by operating activities (GAAP)	471	566
Adjustments:		
Proceeds from available for sale debt securities[8]	-	3
Upfront development-stage funding payments[6]	-	6
Contribution from non-controlling interest[5]	1	2
Distributions to non-controlling interest[5]	(161)	(143)
Investments in non-consolidated affiliates[5,7]	(13)	(11)
Adjusted Cash Flow (non-GAAP)	**$298**	**$423**

Amounts may not add due to rounding

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

Non-Controlling Interest

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 a 17.6% interest in substantially all pre-IPO investments held by some legacy investors. These legacy investors will not participate in acquisitions of royalties going forward. 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 we acquire new royalties.

The NCI contribution as a percent of our Royalty Receipts for the fourth quarter of 2020 is indicated below.

Table 5 – Percentage of Royalty Receipts Allocated to Non-Controlling Interest -Fourth Quarter 2020

Products	Fourth quarter 2020 NCI as a % of Royalty Receipts
Cystic fibrosis franchise	17.6%
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	14.8%
Trodelvy	17.6%
Evrysdi	0.0%
Lyrica & Letairis	34.1%
Other Products (Blended)[(1)]	53.1%

(1) Represents a weighted blend of distributions to non-controlling interest for royalties in Other Products. Excluding a one-time delay in timing for payments related to Q3 2020, the weighted blend in Q4 2020 would have been 27.2%. Other Products include royalties on the following products: Bosulif (a product co-developed by our joint venture investee, Avillion, for which receipts are presented as distributions received from non-consolidated affiliates on the Statement of Cash Flows), Cimzia, Conbriza/Fablyn/Viviant, Entyvio, Lexiscan, Mircera, Myozyme, Nesina, Prezista, Priligy, Soliqua and Thalomid. Other Products also include contributions from the Legacy SLP Interest.

Use of Non-GAAP Measures

Adjusted Cash Receipts, Adjusted EBITDA and Adjusted Cash Flow are non-GAAP measures presented as supplemental measures to our GAAP financial performance. These non-GAAP financial measures exclude the impact of certain items and therefore have not been calculated in accordance with GAAP. In each case, because our operating performance is a function of our liquidity, the non-GAAP measures used by management are presented and defined as supplemental liquidity measures. We caution readers that amounts presented in accordance with our 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 we use in the same manner. We compensate for these limitations by using non-GAAP financial measures as supplements to GAAP financial measures and by presenting the reconciliations of the non-GAAP financial measures to their most comparable GAAP financial measures, in each case being Net cash provided by operating activities.

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* (Tecfidera milestone payments), and less (3) *Distributions to non-controlling interest*.

Adjusted EBITDA is important to our lenders and is defined under the credit agreement as Adjusted Cash Receipts less payments for operating and professional costs. Operating and professional costs are comprised of *Payments for operating and professional costs* and *Payments for rebates* from the Statement of Cash Flows.

Adjusted Cash Flow is defined as Adjusted EBITDA less (1) Ongoing *development-stage funding payments* , (2) Interest paid, net, (3) Swap collateral (posted) or received, net, (4) *Swap termination payments,* and (5) *Investment in non-consolidated affiliates*, and plus (1) *Contributions from non-controlling interest- R&D*, all directly reconcilable to the Statement of Cash Flows.

We believe that Adjusted Cash Receipts and Adjusted Cash Flow provide meaningful information about our 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 our operating results. Management strongly believes that our significant operating cash flow is one of the attributes that attracts potential investors to our business.

In addition, we believe that Adjusted Cash Receipts and Adjusted Cash Flow help identify underlying trends in the business and permit investors to more fully understand how management assesses the performance of the company, including planning and forecasting for future periods. Adjusted Cash Receipts and Adjusted Cash Flow are used by management as key liquidity measures in the evaluation of the company's ability to generate cash from operations. Both measures are an indication of the strength of the company and the performance of the business. Management uses Adjusted Cash Receipts and Adjusted Cash Flow when considering available cash, including for decision-making purposes related to funding of acquisitions, voluntary debt repayments, dividends and other discretionary investments. Further, these non-GAAP financial measures help management, the Audit Committee, and investors evaluate the company's ability to generate liquidity from operating activities.

Management believes that Adjusted EBITDA is an important non-GAAP measure in analyzing our liquidity and is a key component of certain material covenants contained under our debt agreements. Noncompliance with the interest coverage ratio and leverage ratio covenants under the credit

agreement could result in our lenders requiring the company to immediately repay all amounts borrowed. If we cannot satisfy these financial covenants, we would be prohibited under our 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 our liquidity.

Management uses Adjusted Cash Flow to evaluate its ability to generate cash and performance of the business and to evaluate the company's performance as compared to its peer group. Management also uses Adjusted Cash Flow to compare its performance against non-GAAP adjusted net income measures used by many companies in the biopharmaceutical industry, even though each company may customize its own calculation and therefore one company's metric may not be directly comparable to another's. We believe that non-GAAP financial measures, including Adjusted Cash Flow, are frequently used by securities analysts, investors, and other interested parties to evaluate companies in our 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 our results as reported under GAAP.

Notes

(1) 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 (Tecfidera milestone payments), and less (3) Distributions to non-controlling interest, which represents distributions to our historical non-controlling interest attributable to a de minimis interest in RPCT 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 our Annual Report on Form 10-K for additional discussion. See GAAP to Non-GAAP reconciliation at Table 4.

(2) Adjusted Cash Flow is defined as Adjusted EBITDA less (1) Ongoing development-stage funding payments, (2) Interest paid, net, (3) Swap collateral (posted) or received, net, (4) Swap termination payments, and (5) Investment in non-consolidated affiliates, and plus (1) Contributions from non-controlling interest- R&D, all directly reconcilable to the Statement of Cash Flows. See GAAP to Non-GAAP reconciliation at Table 4.

(3) Other Products include royalties on the following products: Bosulif (a product co-developed by our joint venture investee, Avillion, for which receipts are presented as distributions received from non-consolidated affiliates on the Statement of Cash Flows), Cimzia, Conbriza/Fablyn/Viviant, Entyvio, Lexiscan, Mircera, Myozyme, Nesina, Prezista, Priligy, Soliqua and Thalomid. Other Products also include contributions from the Legacy SLP Interest.

(4) Adjusted EBITDA is important to our lenders and is defined under the credit agreement Adjusted Cash Receipts less payments for operating and professional costs. Operating and professional costs are comprised of Payments for operating and professional costs and Payments for rebates from the Statement of Cash Flows. See GAAP to Non-GAAP reconciliation at Table 4.

(5) The table below shows the line item for each adjustment and the direct location for such line item on the Statement of Cash Flows.

Reconciling adjustment	Statement of Cash Flows classification
Investments in non-consolidated affiliates	Investing activities
Distributions to non-controlling interest	Financing activities
Interest paid, net	Operating activities (Interest paid less Interest received)
Contribution from non-controlling interest – R&D	Financing activities

(6) Our lenders consider all payments made to support R&D activities for products undergoing late-stage development similar to asset acquisitions as these funds are expected to generate operational returns in the future. All ongoing and upfront development-stage funding payments are reported in R&D funding expense in net income and are added back in aggregate to Net cash provided by operating activities to arrive at Adjusted EBITDA. As a result, Adjusted EBITDA captures the full add-back for R&D funding payments while Adjusted Cash Flow only reflects the add-back for the upfront portion of development-stage funding payments due to the fact that ongoing development-stage funding payments are considered an ongoing business expense.

(7) We consider all payments to fund our operating joint ventures that are performing research and development activities for products undergoing late-stage development 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 our equity method investees, the Avillion entities, are added back to Adjusted Cash Flow, but are not deducted in Adjusted EBITDA.

(8) Amount in the fourth quarter of 2020 includes a payment from Biohaven in respect of an expired option to exercise additional funding of the Biohaven Series A Preferred Shares.

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 not-for-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 45 commercial products, including AbbVie and J&J's Imbruvica, Astellas and Pfizer's Xtandi, Biogen's Tysabri, Gilead's Trodelvy, Merck's Januvia, Novartis' Promacta, and Vertex's Kalydeco, Orkambi, Symdeko and Trikafta, and five development-stage product candidates. For more information, visit www.royaltypharma.com.

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.

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For further information, please reference our reports and documents filed with the U.S. Securities and Exchange Commission (SEC). You may get these documents by visiting EDGAR on the SEC website at www.sec.gov.

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