

PRE-QUARTERLY RESULTS COMMUNICATION

NEW YORK, NY, March 31, 2023 - Royalty Pharma plc (Nasdaq: RPRX) intends to announce its financial results for the first quarter of 2023 on May 9, 2023. An invitation for the results webcast will follow shortly. To assist in the financial modeling of its first quarter of 2023 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⁽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 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').

2023 Guidance

On March 15, 2023, Royalty Pharma announced that it received a \$475 million accelerated milestone payment from Pfizer, following U.S. Food and Drug Administration ("FDA") approval of Zavzpret (zavegepant), a calcitonin gene-related peptide (CGRP) receptor antagonist nasal spray for the acute treatment of migraine. As a result, Royalty Pharma raised its full year 2023 Adjusted Cash Receipts guidance to between \$2,850 million and \$2,950 million (from between \$2,375 million and \$2,475 million), excluding transactions announced subsequent to March 15, 2023.

Additionally, as discussed during Royalty Pharma's fourth quarter 2022 earnings conference call, movements in foreign exchange are expected to represent an impact of approximately -1% to -2%⁽⁹⁾ for 2023, assuming foreign exchange rates at the time of the fourth quarter 2022 earnings conference call prevail for the remainder of the year.

First Quarter 2023 Non-GAAP Financial Data

Table 1 provides historical non-GAAP financial measures for the first quarter of 2022, which will form the basis for comparison of the first quarter 2023 non-GAAP financial results. For reference, the historical non-GAAP financial measures for the fourth quarter of 2022 are also included.

Additional historical non-GAAP financial measures and the respective GAAP to non-GAAP reconciliations for the first quarter of 2022 and fourth quarter of 2022 can be found under the section 'Historical Non-GAAP Financials.'

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Table 1 - Non-GAAP Financial Measures - First Quarter 2022 and Fourth Quarter 2022 (Unaudited)

<i>(\$ in millions)</i>	First Quarter 2022	Fourth Quarter 2022
Net cash provided by operating activities (GAAP)	460	570
Royalties:		
Nurtec ODT/Biohaven payment*	20	500
Cystic fibrosis franchise	202	219
Tysabri	97	88
Imbruvica	87	71
Promacta	48	49
Trelegy	—	47
Xtandi	43	46
Tremfya	28	29
Cabometyx/Cometriq	13	15
Evrysdi	9	14
Prevymis	4	12
Farxiga/Onglyza	9	12
Trodelvy	5	7
Orladeyo	4	6
Erleada	5	6
Crysvita	5	6
Emgality	5	5
Oxlumo	1	1
Januvia, Janumet, Other DPP-IVs	36	1
Other products ⁽⁴⁾	89	50
Total royalty receipts	711	1,183
Distributions to legacy non-controlling interests - royalty receipts	(106)	(119)
Adjusted Cash Receipts (Non-GAAP)⁽¹⁾	605	1,064
Payments for operating and professional costs	(49)	(81)
Adjusted EBITDA (Non-GAAP)⁽²⁾	556	983
Development-stage funding payments - ongoing	(1)	(1)
Development-stage funding payments - upfront and milestone	(100)	(50)
Interest (paid)/received, net	(86)	14
Investments in equity method investees	(3)	—
Contributions from legacy non-controlling interests - R&D	1	0
Adjusted Cash Flow (Non-GAAP)⁽³⁾	367	946

Amounts may not add due to rounding.

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

*Amounts include quarterly redemption payments of \$16 million related to the Series A Biohaven Preferred Shares. In the fourth quarter of 2022, amount also includes the accelerated redemption payments of \$480 million for all outstanding Series A and Series B Biohaven Preferred Shares following Pfizer's acquisition of Biohaven in October 2022. Redemption payments were presented as *Proceeds from available for sale debt securities* on the statements of cash flows. 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 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 2022 and the fourth quarter of 2022, in each case being Net cash provided by operating activities.

Adjusted Cash Receipts (Non-GAAP)⁽¹⁾

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 first quarter of 2023 reflected worldwide net sales of the product in the fourth quarter of 2022 (\$752 million based on reported results from Johnson & Johnson) and the tiered mid-single digit royalty rate on annual worldwide net sales. Tables 2 and 3 set out the reported performance of key products in the fourth quarter of 2022 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 a higher 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 fourth quarter of 2022, distributions to legacy non-controlling interests – royalty receipts amounted to \$119 million, which represented 10% of total royalty receipts. Prior to the accelerated Biohaven payment, fourth quarter 2022 distributions to legacy non-controlling interests - royalty receipts as a percentage of total royalty receipts would have been 14%.
- 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 quarter of the year.

In the fourth quarter of 2022, royalty receipts of \$1 million from Januvia, Janumet and other DPP-IVs decreased 99% compared to the fourth quarter of 2021. Royalty receipts from Januvia, Janumet and other DPP-IVs substantially ended in the second quarter of 2022.

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 in October 2022. 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.

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.

On January 9, 2023, Royalty Pharma announced the acquisition of a royalty interest on Spinraza and pelacarsen from Ionis Pharmaceuticals Inc. ("Ionis"). Royalties on Spinraza will be recorded in Adjusted Cash Receipts⁽¹⁾ starting in the second quarter of 2023 and will be based on sales in the first quarter of 2023.

Table 2 - Net Sales Performance of Key Products - Fourth Quarter 2022 (Unaudited)

(\$ in millions)	Marketing Company	Revenues Fourth Quarter 2022	% Change Year/Year
Products			
Nurtec ODT	Pfizer	211 ⁽¹⁾	n/a
Cystic fibrosis franchise	Vertex	2,303	11
Tysabri	Biogen	488	(5)
Imbruvica	AbbVie, Johnson & Johnson	1,388 ⁽²⁾	(20)
Promacta	Novartis	540	4
Trelegy	GSK	545 ⁽³⁾	30
Xtandi	Pfizer, Astellas	1,273 ⁽⁴⁾	25
Tremfya	Johnson & Johnson	752	9
Cabometyx/Cometriq	Exelixis, Ipsen, Takeda	501 ⁽⁵⁾	21
Evrysdi	Roche	340 ⁽⁶⁾	59
Prevydis	Merck & Co.	118 ⁽⁷⁾	17
Farxiga/Onglyza	AstraZeneca	1,229	33
Trodelvy	Gilead	195	65
Orladeyo	BioCryst	71	53
Erleada	Johnson & Johnson	541	41
Crysvita	Ultragenyx, Kyowa Kirin	69 ⁽⁸⁾	67
Emgality	Lilly	176	9
Oxlumo	Alnylam	24	24

(1) Pfizer, which completed the acquisition of Biohaven on October 3, 2022, disclosed Nurtec ODT/Vydura combined global revenues of \$211 million. (2) AbbVie reported U.S. revenues of \$841 million (-24.6% year/year); Johnson & Johnson reported international revenues of \$547 million (-12.5% year/year). (3) Trelegy revenues represent sales in U.S. dollars as reported by GSK. Trelegy growth rate represents year-over-year growth as reported by GSK in British pounds. Trelegy growth rate in U.S. dollars in fourth quarter of 2022 is 14% using U.S. dollar sales as provided by GSK. (4) Xtandi revenues of 179.8 billion Japanese yen translated at an average U.S. dollar exchange rate of 141.2; year-over-year growth as reported by Astellas in Japanese yen. Xtandi growth rate in U.S. dollars in fourth quarter of 2022 calculated to be 1% using the average U.S. dollar to Japanese yen exchange rate of 141.2 in the fourth quarter of 2022 and 113.6 in the fourth quarter of 2021. (5) Includes Ipsen revenues of €121.0 million translated at an average U.S. dollar exchange rate of 0.98. Growth rate in U.S. dollars in fourth quarter of 2022 calculated to be 21% using the average U.S. dollar to Euro exchange rate of 0.98 in the fourth quarter of 2022 and 0.87 in the fourth quarter of 2021. Excludes Takeda revenues as they are not disclosed. (6) Roche global revenues of 326 million Swiss francs translated from Swiss francs at average U.S. dollar exchange rate of 0.96. Evrysdi growth rate represents year-over-year growth on a constant currency basis as reported by Roche. Evrysdi growth rate in U.S. dollars in fourth quarter of 2022 is 52% using the average U.S. dollar to Swiss franc exchange rate of 0.96 in the fourth quarter of 2022 and 0.92 in the fourth quarter of 2021. (7) Royalty Pharma will not receive a payment on Prevydis in Q1 2023 as it receives no royalties on annual sales above \$300 million, a threshold which Prevydis exceeded in the third quarter of 2022. (8) Crysvita revenues represent Kyowa Kirin's reported EMEA revenues of 9.7 billion Japanese yen translated at an average U.S. dollar exchange rate of 141.2; Crysvita growth rate represents year-over-year growth calculated in Japanese yen based on Kyowa Kirin fourth quarter of 2021 reported sales. Crysvita growth rate in U.S. dollars in fourth quarter of 2022 is 35% using the average U.S. dollar to Japanese yen exchange rate of 141.2 in the fourth quarter of 2022 and 113.6 in the fourth quarter of 2021.

Table 3 - 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
Oxlumo	2034-2035	Royalties in the mid- to high-single digits based on annual worldwide net sales
Spinraza ⁽¹¹⁾	2030-2035 ⁽¹²⁾	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 ⁽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) We acquired an interest in Ionis' royalty in Biogen's Spinraza in January 2023. (12) 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. (13) 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.

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Adjusted EBITDA (Non-GAAP)⁽²⁾

Adjusted EBITDA⁽⁴⁾ 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 fourth quarter of 2022, payments for operating and professional costs were \$81 million (which represented 8% of Adjusted Cash Receipts⁽¹⁾).

Adjusted Cash Flow (Non-GAAP)⁽³⁾

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 fourth quarter 2022 earnings release:

- As of the date of this communication, Royalty Pharma has not entered into any funding transactions for development-stage therapies that would result in upfront and milestone payments being recorded in our non-GAAP financials in the first quarter of 2023. In the first quarter of 2022, Royalty Pharma made \$100 million in upfront and milestone development-stage funding payments to Cytokinetics related to our investment in aficamten. Additionally, Royalty Pharma expects to make a \$50 million milestone payment to Cytokinetics in the second half of 2023 based on the company's guidance of initiating their pivotal trial of aficamten in nonobstructive hypertrophic cardiomyopathy.
- 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 first and third quarters of 2023 with a de minimis amount recorded in the second and fourth quarters of 2023, assuming no additional debt financings. In 2022, Royalty Pharma also received interest of \$25 million on its cash, cash equivalents and marketable securities, which partially offset interest paid.

Liquidity and Capital Resources

As of December 31, 2022, Royalty Pharma had cash, cash equivalents and marketable securities in the amount of \$1.7 billion and total debt with principal value of \$7.3 billion.

On January 9, 2023, Royalty Pharma announced a funding agreement with Ionis to acquire royalties on Biogen's Spinraza and Novartis' pelacarsen. This transaction resulted in a cash outflow of \$500 million, which will be reflected in Royalty Pharma's first quarter 2023 financial results.

As discussed above, on March 15, 2023, Royalty Pharma announced that it received a \$475 million accelerated milestone payment from Pfizer, following U.S. FDA approval of Zavzpret (zavegepant), a CGRP receptor antagonist nasal spray for the acute treatment of migraine.

On March 23, 2023, Royalty Pharma announced the acquisition of an interest in PureTech Health's royalty in Karuna Therapeutics' KarXT. This transaction resulted in a cash outflow of \$100 million, which will be reflected in Royalty Pharma's first quarter 2023 financial results.

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Historical Non-GAAP Financials

Table 4 - GAAP to Non-GAAP Reconciliations - First Quarter 2022 and Fourth Quarter 2022

(\$ in millions)	First Quarter 2022	Fourth Quarter 2022
Net cash provided by operating activities (GAAP)	460	570
Adjustments:		
Proceeds from available for sale debt securities ⁽⁵⁾⁽⁶⁾	16	495
Interest paid/(received), net ⁽⁶⁾	86	(14)
Development-stage funding payments - ongoing ⁽⁷⁾	1	1
Development-stage funding payments - upfront and milestone ⁽⁷⁾	100	50
Payments for operating and professional costs	49	81
Distributions to legacy non-controlling interests - royalty receipts ⁽⁶⁾	(106)	(119)
Adjusted Cash Receipts⁽¹⁾ (non-GAAP)	605	1,064
Net cash provided by operating activities (GAAP)	460	570
Adjustments:		
Proceeds from available for sale debt securities ⁽⁵⁾⁽⁶⁾	16	495
Interest paid/(received), net ⁽⁶⁾	86	(14)
Development-stage funding payments - ongoing ⁽⁷⁾	1	1
Development-stage funding payments - upfront and milestone ⁽⁷⁾	100	50
Distributions to legacy non-controlling interests - royalty receipts ⁽⁶⁾	(106)	(119)
Adjusted EBITDA⁽²⁾ (non-GAAP)	556	983
Net cash provided by operating activities (GAAP)	460	570
Adjustments:		
Proceeds from available for sale debt securities ⁽⁵⁾⁽⁶⁾	16	495
Distributions to legacy non-controlling interests - royalty receipts ⁽⁶⁾	(106)	(119)
Investments in equity method investees ⁽⁶⁾⁽⁸⁾	(3)	—
Contributions from legacy non-controlling interests - R&D ⁽⁶⁾	1	0
Adjusted Cash Flow⁽³⁾ (non-GAAP)	367	946

Amounts may not add due to rounding.

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

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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 fourth quarter of 2022 was 10% and is indicated below. However, fourth quarter 2022 NCI would have been 14% of total royalty receipts prior to the accelerated Biohaven payment.

Table 5 - Percentage of Royalty Receipts Attributed to Non-Controlling Interests - 2022

Royalties	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Nurtec ODT/Biohaven payment ⁽¹⁾	16.9%	17.1%	16.9%	5.1%
Cystic fibrosis franchise ⁽¹⁾	9.9%	17.6%	17.6%	14.9%
Tysabri	17.6%	17.6%	17.6%	17.6%
Imbruvica	17.6%	17.6%	17.6%	17.6%
Promacta	17.6%	17.6%	17.6%	17.6%
Trelegy	n/a	n/a	0.0%	0.0%
Xtandi	17.6%	17.6%	17.6%	17.6%
Tremfya	0.0%	0.0%	0.0%	0.0%
Cabometyx/Cometriq	0.0%	0.0%	0.0%	0.0%
Evrysdi	0.0%	0.0%	0.0%	0.0%
Prevydis	0.0%	0.0%	0.0%	0.0%
Farxiga/Onglyza	17.6%	17.6%	17.6%	17.6%
Trodelvy	17.6%	17.6%	17.6%	17.6%
Orladeyo	0.0%	0.0%	0.0%	0.0%
Erleada	17.6%	17.6%	17.6%	17.6%
Crysvita	17.6%	17.6%	17.6%	17.6%
Emgality	17.6%	17.6%	17.6%	17.6%
Oxlumo	0.0%	0.0%	0.0%	0.0%
Januvia, Janumet, Other DPP-IVs	34.1%	34.1%	34.1%	34.1%
Other products (blended)	19.5%	21.0%	20.4%	20.3%
Total products (blended)	15.0%	17.2%	15.2%	10.1%

(1) Nurtec ODT and the cystic fibrosis franchise NCI % figures represent a blend across multiple royalty interests.

Use of Non-GAAP Financial Measures

Adjusted Cash Receipts, Adjusted EBITDA and Adjusted Cash Flow are non-GAAP measures presented as supplemental measures to Royalty Pharma's 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 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

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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.

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, voluntary debt repayments, dividends, share repurchases 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 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 uses Adjusted Cash Flow to evaluate its ability to generate cash from operations, the performance of the business and 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. 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 4.

Notes

- (1) Adjusted Cash Receipts is a measure calculated with inputs directly from the statements of cash flows and includes (1) 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*, plus (2) *Proceeds from available for sale debt securities*, and less (1) *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 4.
- (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 4.
- (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 4.
- (4) Other products primarily include royalty receipts on the following products: Bosulif (a product co-developed by our joint venture investee, Avillion I, for which receipts are presented as Distributions from equity method investees on the statements of cash flows), Cimzia, Entyvio, IDHIFA, Letairis, Lexiscan, Mircera, Myozyme, Nesina, Soliqua, Tazverik and distributions from the Legacy SLP Interest.
- (5) Receipts from the quarterly redemption of the Series A Biohaven Preferred Shares in 2022 and the accelerated redemption payments of all outstanding Series A and Series B Biohaven Preferred Shares following Pfizer's acquisition of Biohaven in October 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
<i>Proceeds from available for sale debt securities</i>	Investing activities
<i>Investments in equity method investees</i>	Investing activities
<i>Distributions to legacy non-controlling interests - royalty receipts</i>	Financing activities
Interest paid/(received), net	Operating activities (<i>Interest paid less Interest received</i>)
<i>Contributions from legacy non-controlling interests - R&D</i>	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 R&D funding payments.
- (8) Royalty Pharma considers all payments to fund its operating joint ventures that are performing R&D activities 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.

ROYALTY PHARMA

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, 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.

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